App. F. IX-4

Previous References

Reserve 3/8/26

1926:7 (G.F.)

G.F. File No. 141.26

Serial Nos. 8.

Later References

Key

General and Revenue Secretariat.

Serial Nos. One

Part B for Jan 7 1938.

SUBJECT

Interim Report of the Special Officer Taxation Enquiry

AP 7/1 P.143 E

WD 01228—GPB—37,500—1-9-26

App. F. III—2]

General and Revenue Secretariat

G.P. File No 141 CB. 1498 of 1926

Serial No. 8.

I beg to submit my interim report in connection with the Enquiry into taxes in Mysore. It has been put together somewhat hurried so that the Government may know on what lines I have been working. I have confined myself to the available printed material so far. I hope in the coming weeks to amplify and correct my statements & conclusions in the light of personal discussions with Heads of Departments and others who can speak with authority on subjects connected with the Enquiry.

R. S. Subba Rao
31/3

The Chief Secretary.
With Compliments

For perusal
pl
2/4

3rd Member CBK
4/4 MS

Dewan.

May I ask for His perusal.

MR
5.4.27

17

DEWAN'S OFFICE.
Received on
5 APR 1927
7910.

1617

H.H. No 798

NOTE- Contn.Sheet

Submitted to His Highness.

I submit for His Highness's gracious perusal the interim report prepared by Mr. N. S. Subba Rao, who has been placed on special duty in connection with the enquiry into taxes in Mysore. The report indicates the lines on which Mr. Subba Rao is working.

Bangalore,
17th April 1927.

Mirza M. Ismail

Psk.

Record of Cases submitted for the Ord
of His Highness the Maharaja.

Subject.

Interim report prepared by
Mr. N.S. Subba Rao on taxation in Mys

Order.

KRW
28/4/27

C
11
2-6-27
pm
4/6

2-34
3/8/27

REPLY

(To be written on this margin.)

No. 72-74

OFFICE OF THE SECOND MEMBER OF COUNCIL.

NOTE

Dated 15th August *192*7.

The accompanying list showing the important measures requiring attention in the Department during the half-year ending December 1927, is forwarded, with compliments, to the Financial Secretary for necessary action.

G.R.S. III—3]

Routine Notes.

.., not intended for permanent record.]

CR 2067

B. PUTTAIYA, B.A.
SUPERINTENDENT.

MYSORE GOVERNMENT PRESS
Bangalore, 22/11/27

Dear Madhava Rao

Mr. Puttaiya wants to know how many copies he is to print. He is anxious to distribute the type as that is wanted for other urgent work. I have asked him to print 500 copies in the first instance and to ask for your instructions about

24 NOV. 1927
No. 7933

D.O. letter dated 22nd Nov. 1927 from Mr. N. S. Subba Rao

States that he has asked the Superintendent, Govt. press to strike off 500 copies of his report on Taxation figures and further instructions may be issued to the Superintendent directly.

Submitted for orders, if more than 500 copies are required, as the Superintendent is anxious to distribute the type.

BARR
23.11.27

500 copies are probably sufficient. In favour of Mysore

MM
24/11

Do Leg mt
Compts — I thanks Mr Gs

4
24/11/27

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Draft Subd
Mr
24/11/27.

BRS

24/11

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Submitted

8 Copies of the Report on Taxation in Mysore were received from the Superintendent Govt. Printing. A Copy is herewith submitted.

28/4/17

Copies have to be sent to Dewan, Members of Council & Sri Charles Todhunter. Put up copies with necessary notes.

28/4/17

4 Copies of the Report on Taxation in Mysore are sent up.

28/4/17

Dewan)

7 Member)

ii Member)

iii Member)

Copies sent to
Members of Council (3)
Finl Secy (1)
Comptroller (1)
Develpt Secy (1)
Chief Secy (1)
Govt Secy (1)
6

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

A copy to:--

Chief Secretary
Financial Secretary.
Development Secretary
General Secretary
Comtroller to Government
and
Members of Council (9)

Submitted.

1) In accordance with D.C. letter received from Mr. N. S. Subba Rao on the 22nd Nov.1927, the Superintendent, Govt. Press was requested to strike off and supply 500 copies. 8 copies were supplied on the 28th inst. and they were distributed, as shown in the margin. 75 copies are received and the remaining copies are expected in the course of the week or the next.

2) Orders are solicted on the following points:--

3) Distribution of copies. one copy may be supplied, if approved, to the following officers:--

1. Legal Remembrancer
2. Revenue Commissioner
3. Excise Commissioner.
4. Director of Public Instruction.
5. Registrar, Chief Court.
6. Govt. Advocate.
7. Superintendent, Revenue Survey.
8. Secretary, P.W.D. Works.
9. Inspector-General of Police.
10. Secretary for Railways.
11. Deputy Commissioners of Districts.
12. Presidents, City Municipalities.
13. Presidents, District Boards.
14. Members of the Standing Committee for Finance and Taxation.
15. Members of the Legislative Council.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—31

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

4) Further action to be taken on the final report received from Mr. N.S. Subba Rao. In the Dewan's address to the Representative Assembly on the 7th Oct. 1927, (p.11), it has been stated that "Government proposes to consult the Economic Conference in the first instance and to place definite proposals before you in due course for consideration".

Make an extract of this & send to Rev Branch for taking orders.

5) The interim report prepared by Mr. N. S. Subba Rao was submitted with a Submission Note on 17th April 1927. Orders are solicited as to whether the final report is to be submitted similarly.

BRR
30.11.27

Subbo D.S.O. is sent up for approval with a printed copy of the Report.

BRR
1.12.27

Draft of a covering letter to accompany the copy of the Report is also sent up for approval. The required number of copies for distribution to the Members of the Legislative Council and the Executive Committee will be sent to R. & A. Section for being distributed.

V.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form

CHIEF SECRETARY
3 DEC 1927

Both
1.12.27

Submitted to His Highness.

I submit for His Highness's gracious perusal the final report prepared by Mr. N. S. Subba Rao, who was placed on special duty in connection with the enquiry into taxes in Mysore, the scope of the enquiry having been laid down in Government Order No.Fl.5837-917/G.F.141-26-1, dated 24-25th January 1927.

Action is being taken for placing the report before the Economic Conference.

Mirza M. Ismail

Bangalore,
12th Decr.1927.

Psk.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Final report on Taxation in Mysore prepared by Mr. N.S. Subba Rao.

Order.

KRW
14/12/27

2067 HH35
CB

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Copies of taxation Report have been distributed to the L.C. Members the members of the Finance and Taxation Committee. The R.T.A. was submitted and relevant with notes on the 7th Dec. 1927. Shall these papers be recalled after Report is over?

The Development Branch has been requested to take further action on the report by placing the same before the Economic Conference.

Book
Mr
Yes.
19.12.27

Supdt, Financial Branch with compliments, with a copy of the Report for favour of recording in that Branch.

Mr
24/12/27

One copy is received with thanks. Another copy may kindly be sent as there are 4 sections to be dealt with here, viz. Excise, Income Tax Stamps & Registration.
24/12/1927

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

The file also has been recalled on 28/12.

D 1015

~~8.~~ Review of existing taxation and consideration of applicability to Mysore of recommendations of the Indian Taxation Enquiry Committee.- Mr. N.S. Subba Rao was appointed to make a study of this subject and his preliminary report has been received. On receipt of his final report, the action, if any, to be taken will be settled.

Submitted
This will be kept in "Suspense" till the receipt of the report.
24.9.27

Please put up prel.? report.
26/9/27

May be kept under "Suspense" till the receipt of the report
3056/1-9-27
Secy)
31/8/27

Yes 1/9

Submitted May this ~~C.B.~~ file be sent to C.B for noting if the Report has been printed
8/11. C.B with Compts
9/11/27

Mr. Mgpt.
10/11/27.
10/11

Submitted, the report is now received. May this file be closed
1/12/27
Already now.

ISSUED.

20th October 1927.

D.O. 2540/B

Dear Mr. Subba Rao,

I am desired to enquire when your final Report on Taxation will be ready in print. I hope you will kindly send me some copies as soon as you get them from the Press.

Yours sincerely,

N. S. Subba Rao, Esqr., M.A., Bar-at-Law,
"Hill View", Bull Temple Road,
Basavangudi, Bangalore City.

D. O.

Bangalore,

20th October 1927.

Dear Mr. Madhava Rao,

The Dewan will be glad if you will please note to send to Mr. Hydari, Finance Minister, Hyderabad, a copy of Prof. Subba Rao's Final Report on Taxation Enquiry in Mysore, as soon as it is ready.

Yours sincerely,

M Ramachandra Rao

3397
C.R.

25th Nov. 1927.

In reply to your D.O.letter dated 22nd instant, I write to state that five hundred copies are considered to be sufficient for the present.

N. S. Subba Rao Esq., M.A., Bar-at-Law,
Hill View, Bull Temple Road.

ISSUED

A.P. 3391
C.B.

25th Nov. 1927.

Dear Mr. Puttaiya,

Five hundred copies of the Taxation Enquiry Report ordered to be printed by Mr. N. S. Subba Rao are considered sufficient. Kindly arrange to supply these copies early to this office.

Yours sincerely,

R. Puttaiya Esq., B.A.,
Superintendent, Govt. Printing.

3rd December 19

3688

ISSUED.

Dear Sir,

Under instructions from the Dewan, I am sending by Book Post a copy of Prof. Subba Rao's Final Report on Taxation Enquiry in the State for your information.

Yours sincerely,

Chief Secretary to Government.

To

Dr. Nawab Hydar Nawaz Jung Bahadur,
Finance Minister,
Hyderabad (Deccan).

FINANCE MEMBER.

Ref:931

8th December 1927.

10¾

C.B.

CB 2412

Dear Sir,

I am very much obliged to you and the Dewan for having kindly sent Prof. Subba Rao's Final Report on Taxation Enquiry in the State, which I hope to read with much profit.

Yours sincerely,

The Chief Secretary to Govt.,
Mysore State,
Bangalore.

The Servant of India,
Deccan Gymkhana Post Office
POONA (India).

C.B. 12/12 G.O.

10th December 1927.

GB 2411

The Chief Secretary
to the Government of Mysore,
Bangalore.

Dear Sir,

I shall be much obliged if you will kindly let me have a copy of the report of Mr. Subba Rao, the special Officer appointed to conduct a taxation inquiry in the State on the basis of the recommendations of the Taxation Inquiry Committee.

Yours faithfully,

S. G. Vaze

Editor.

ISSUED.

12th December 1927.

3683/P.P
Enq

Dear Sir,

In reply to your letter of the 10th instant, I am sending by Book Post a copy of Prof. Subba Rao's Report on Taxation Enquiry in the State.

Yours sincerely,

The Editor,
The Servant of India, Poona.

INDIAN STATES REVIEW
AN ILLUSTRATED WEEKLY DEALING WITH INDIAN STATES

C.B. 2446

CB. 14/12

706, Taboot Street,
Poona, Camp.

I2th. December I927.

The Chief Secretary,

The Mysore Government,

Bangalore.

Sir,

I understand that the Mysore Taxation Committee Report has been published. I shall be thankful to have a copy of the same for our use at an early date. Trusting you will favour us with a copy for early use,

Yours faithfully,
A. N. Sudarisanam
Editor.

"HILL VIEW"
BULL TEMPLE ROAD
BANGALORE CITY

VD 2466.

13th December, 1917.

My Dear Madhava Rao,

The Press sent me 3 copies of my report on taxation in Mysore, one of which I sent to Sir Charles Todhunter. I am making corrections of the still remaining slips in printing, &c., while the third I am keeping for myself. I shall be grateful if the Superintendent of the Government Printing could be instructed to send me seven more copies, so that I can send them to some Professors of Economics as complimentary copies for opinion.

Yours sincerely,

R. S. Subba Rao

N. MADHAVA RAO, Esquire, B.A. B.L.,
Chief Secretary to the Govt. of His
Highness the Maharaja of Mysore,
Bangalore.

ISSUED

14th December 1927.

No. 3690/PP
Enl Govt.

Dear Sir,

In reply to your letter of the 12th instant, I am sending by Book post a copy of Prof. Subba Rao's Report on Taxation Enquiry in the State.

Yours sincerely,

To

The Editor,
Indian States Review.

3227
P.W. / Miscl. Works

15th December 1927.

ISSUED.

My dear Subba Rao,

In reply to your letter of the 13th instant, I am sending you seven copies of your Report as desired therein.

Yours sincerely,

MW

N. S. Subba Rao, Esq., M.A., Bar-at-law,
Hill View, Bull Temple Road.

1 copy of the letter sent to Secretaries Office 12/1/27

1 Copy to Hon. Sec, Arts. Assn.

2a Copy below to
1 Off. (1)
2 Asst. Mys. Sp (2)
3 Memrs. (2 Cds.)
4. Secl-Sec (1)
5. Reprs. (Country) (1)
6. Subscribers
7. 2nd Class members (4)

ISSUED.

3697-3713(4)
P.D / Secl

4/1/27

Dear Sir,

I am forwarding herewith a copy of Mr. N. S. Subba Rao's Report on Taxation in Mysore for reference and record in your office.

Yours sincerely,

Revenue Commissioner,
Excise Commissioner,
Director of Public Instruction,
Registrar, Chief Court,
Govt. Advocate,
Superintendent, Revenue Survey,
Secretary, P.W.D. Works,
Inspector-General of Police,
Secretary for Railways,
Deputy Commissioners of Districts (8)
Presidents, City Municipalities. (8).
Presidents, District Boards, Non-official.

Member, Taxation Committee
R.A. Members.

****

INTERIM REPORT

of the

SPECIAL OFFICER,

TAXATION ENQUIRY.

****

INTERIM REPORT OF THE SPECIAL OFFICER? TAXATION ENQUIRY.

CONTENTS.

Pages.

I n t r o d u c t i o n.

PART.I. Taxes in Mysore which have their counter-part in British India.

1. Land Revenue.

2. Charge for water.

3. E x c i s e.

4. Income tax.

5. S t a m p s.

6. Court fees.

7. Regsitration.

Part.II. New and alternative taxes.

Part.III. L o c a l F i n a n c e.

****

APPENDIX.

1. T a b l e s. I to XV.

2. Graphs (2)

XXX***XXX

INTRODUCTION.

I was instructed"to prepare an accurate and up-to-date statement of the facts relating to each tax or group of taxes levied in Mysore and to examine and report how far the recommendations of the Government of India Taxation Enquiry Committee relating to each tax or group of taxes were applicable to the conditions in the State." The Government Order further indicated the five main lines of enquiry.

2. My work falls into three more or less self-contained divisions:

I. Taxes in Mysore which have their counter-part in British India:
Statement of facts and examination of recommendations.

II. New and alternative taxes,
Their suitability and desirability.

III. Local Finance:
Statement of facts and examination of recommendations; the question of additional resources.

3. While I have attempted to acquaint myself with the facts and recommendations regarding taxes in all the above divisions, I have given my attention in the main to the taxes that come within the first division, and the present interim report is a summary of the facts I have so far collected regarding them as well as of the recommendations of the Indian Taxation Enquiry Committee with a first approximation of my views

as to the applicability of the latter to local conditions. I need hardly say that I hope to rewrite this part in the light of further information and discussion.

I have also appended an outline of the report in Parts II and III in order to show that I have been also engaged with material relating to this part of my work.

I would request the Government kindly to note that this represents the work of barely five weeks, as it took about a week to get my office into working order and I was away on University duty for about a fortnight.

N. S. Subba Rao

Wherever a gap is left for figure, information is being collected which is to be embodied in the final report.

M/s

Part I.

Taxes in Mysore which have their counter-part in British India.

LAND REVENUE.

1. One of the oldest and most widely employed forms of compulsory contribution for the service of the public powers is that levied on land. There was a stage when the Sovereign was the largest landowner and was expected " to live of his own " without resort to taxation. Relics of the old state of things are to be seen in the State ownership and management of forests and in the survival in many states of the system of state domain in land. Everywhere, however, the greater part of cultivable land is in the hands of the subjects, though there is frequently either an implict or explict assertion of the ultimate state ownership of all lands in the country. Hence the origin of the vexed controversy whether land revenue in India is a tax or a rent, which has been examined at considerable length by the Indian Taxation Enquiry Committee. It is sufficient for the present purpose to note their conclusion that " whether or not the land revenue - should be regarded as a tax on the individual who pays it, since it forms a deduction from the national dividend, it should be taken into consideration in dealing with the question of the incidence of taxation on the country as a whole."

2. Land in Mysore as elsewhere provides both the Central Government as well as local bodies with large sums of revenue. Apart from forests, which lie outside the scope of the present enquiry, land in our State supplies the Government and the local bodies with an income in the following ways:

1. Sale of Government lands.
2. Assessment on Government lands held on ryot-wari tenure.
3. Quit-rent and jodi from alienated lands, Gutta - from Kayamgutta lands.
4. Income from the sale of grazing rights, right to remove stone, tree produce etc.
5. Fine from land converted from agricultural to non-agricultural use.
6. Mohatarfa.
7. The several cesses levied by the Government for the use of local bodies.
8. Rates on houses and shops, and other rates raised by local bodies on property situate within their jurisdiction.

The following table shows the realisations for the past 24 years under the main heads. Table I

3. The contributions of land to local finance will be examined at a later stage. The Government revenue from land is arranged in the budget under three main heads: assessment of lands; quit-rent, jodi and gutta; and miscellaneous. Some of the items included under the third head really belong to the first and are placed elsewhere for the sake of administrative convenience, e.g., temporary water-rate; amount left out in last year's Jamabandy; excess collection, while others are of the nature of fees and are more appropriately included elsewhere. Therefore, before the revenue from assessment of lands which is the principal source of revenue is examined in detail, it will be convenient to explain the nature of the secondary sources and the basis on which revenue is obtained from them. Table I(a)

4. The second group consists of income from what may be called alienated lands and lands under permanent settlement. The former is called Inam and jodi, and the latter Kayamgutta. Frequently they are all lumped together, though the last is differentiated from the others in that it is of the nature of a contract, while the others arise from a gift or a grant. The term " describes a permanent village settlement; and it probably owes its origin to a time when many villages were depopulated and when the Government - found it advantageous to rent out such on a fixed but very moderate lease, the renter undertaking to restore them to their former prosperous condition. These - tenures were also largely added to, during the former Maharaja's direct administration of the country, when in several cases flourishing villages were given to favourites at court." (Mysore Gazetteer, 1897, Vol. I page, 690).

The following statement gives the details of area and revenue obtained from Kayamgutta lands. It is noteworthy that the largest number of such villages is to be found in the districts of Bangalore and Kolar.

Awaits from the Revenue Commissioner.

The term, "Inam" is held to apply to all lands, whether entire villages or shares in villages, or individual fields situated in Government villages, which are entirely free of land assessment, or are subject to a favourable quit-rent, or a lighter assessment than the proper revenue. A report on the Settlement of Inam lands (1901) gives the following statement, which both explains the origin of these favoured holdings and indicates the loss of revenue to the State on their account.

Table II

The geographical distribution of entire villages

Tables III and III (a)

falling under this head is as follows:

The assessment as estimated in 1901 was 11 lakhs and odd as against the quit-rent received was 5 lakhs and odd. To estimate the net loss of revenue at the present time, we must make allowance for a rise in assessment of the same degree as the yield from the revised settlement after allowing for increase in cultivated area and from the sum so obtained deduct the present revenue from quit-rent and jodi. The formula is

$$\left(11 \text{ lakhs} \times \frac{\text{present land revenue}}{\text{that in 1901}} \times \left(\frac{\text{old area}}{\text{present area}}\right)\right) - 5 \text{ lakhs}$$

and odd, which gives the figure of.....

Another method of estimating the loss of revenue from the existence of Inam lands is to use the irrigation cess amount obtained from all these lands and multiply it by 16.

5. The miscellaneous items of revenue other than those that, as pointed out above, should correctly be included under assessment, are-

(1) Sale of Government lands.

(2) Income from the sale of grazing rights.

(3) Amarayi.

(4) Other items, such as fish contract, rent on salt pans, tax on lime kilns, royalty on bricks, stones etc. (Kumri Kandayam), ground rent, sale proceeds of dead trees.

The yield from these sources is given in the following table, and the nature of each, and the rules under which the revenue is raised may be briefly described.

Table IV

(1) Sale of Government lands.

A great deal of cultivable land is yet in the hands of the Government, and portions of it are sold from time to time.

(2) Sale of grazing rights.

The grazing of all unoccupied land vesting in Government is sold by public auction year by year, either field by field or in tracts. In the case of pasturage within the limits of villages, instead of an auction, the average realisations of each village for two or three previous years are to be calculated and the grazing rights offered to its inhabitants for the amount so arrived at for the current year. If they agree, the amount should be apportioned among them and the sum due from each recovered from him as a revenue demand.

It is expressly laid down in the Land Revenue Rules that grass growing on the rear slopes of bunds of tanks should not be allowed to be grazed by cattle but only cut and removed. A payment for such grass is not to be exacted in the case of tanks and minor river channels the earthwork of which has been and is being annually done by the raiyats.

(3) Amarayi.

The term is defined as " miner tree produce of a village belonging to Government." The trees included are Hunse, Mavu, Seege, cocoanut, hippe, nerala, halasu, jali, honge (seeds and leaves), byala. The produce of such trees found in the assessed waste, gomal, kharab lands, gavtana and other lands set

apart for communal purposes is sold annually by auction and the proceeds credited to Government.

(4) Other items.

Annual sales are made by the right to remove - earth, fuller's earth, stone, konkar, sand, muram, or any other material which is the property of the Government. The sale may be by public auction or in return for a fixed amount which may be either a lump sum or so much per cubic foot of excavation. The rates obtaining at present are as follows:

Table V

details to be ascertained.

Fish contract.

Rent on salt pans.

Licenses are granted for the manufacture of salt from pans (not within five miles of British territory and for consumption within the State) in return for a fee of not less than three rupees per pan per annum over and above the land assessment that the land in which the pans lie may be liable to.

Tax on lime kilns.

Each lime kiln is liable to pay, when lime stones are burnt, ~~to pay~~ a tax varying from 2 to 10 rupees according to the locality and trade, in addition to the royalty for removal of lime stones.

Ground rent.

This, refers to the tax on vacant sites in villages.

(The above three items are part of mohatarfa).

Proceeds of dead trees.

This requires no detailed explanation.

6. We now come to the assessment on land. It derives its authority from the Mysore Land Revenue Code (IV of 1888), which is based in the main on Bombay practice. The provisions of the Code are general. They enunciate the liability of all land, whether applied to - agricultural or other purposes, to the payment of land revenue to Government. (Subject to exemptions), and for the purpose of settlement of land revenue. The procedure to be followed in making the survey is laid down in - great detail in the subsidiary rules, and the rates ultimately determined are in the discretion of the Government. The Joint Select Committee on the Government of India Bill observed with reference to the position of - land revenue in British India:

" In some provinces at least the pitch of assessment is entirely at the discretion of the Executive Government. No branch of the administration is regulated with greater elaboration or care; but the people who are most affected have no voice in the shaping of the system, and the rules are often obscure and imperfectly understood by those who pay the revenue. The Committee are of opinion that the time has come to embody in the law the main principles by which the revenue is determined, the method of valuation, the pitch of assessment, the periods of revision, the graduation of enhancement, and the other chief processes which touch the well-being of the revenue payers." It will be seen from what - follows that the position, and the need for such change, in Mysore are not very different.

7. Section 48 of the Land Revenue Code lays down that the statutory land revenue is chargeable upon

(a) Land appropriated for purposes of agriculture.

(b) Land from which any other profit or advantage than that ordinarily acquired by agriculture is derived, e.g., cultivation of coffee, tea etc.

(c) Land appropriated for building purposes.

The first of these groups is obviously most important and has formed the subject of the activities of the Survey Department, in which is vested the task of determining the rate of levy. The first of the revenue settlements was begun in 1865 and completed in 1895, and almost immediately a resurvey was ordered, which was completed a few years ago. The following descriptive details are true of both a Survey and a re-survey, except that a resurvey does not attempt a fresh classification of soil, while its task regarding the rates is facilitated by the existence of rates already settled, which have only to be raised or lowered in the light of ascertained economic facts, and there is no need to enter into any examination of the basis on which the revenue is to be levied./ It is not necessary for the present purpose to describe in detail the successive activities of the Survey Department but some brief outline is needed to show the basis in which the assessment is made or altered. The initial survey started with " a detailed inspection of every number and sub-division thereof " and involved " an examination of every field and of its boundary marks, and a verification of the entries as to tenure, holder's name, etc., made by the Survey subordinates in the preliminary survey records." In the case of a revision settlement, this part of the operations is limited to " re-measurement whenever roads, canals, railways or extension of village sites, not already dealth with or measured according to rules

N.P.(8)

encroachment of rivers or streams or natural or other causes rendered such a measure necessary."

Similary, when survey was first introduced, one of the essential preliminaries was classification of land according to the character of the soil, as well as a classification of water-water to wet and garden lands. In the subsquent revision survey, the original soil classification was retained, and the Department was instructed to revise the water classification of all the rice and garden lands, which had become necessary " in the interests of Government as well as of the raiyats, because the changes in water-supply from the silting up and deterioration of some tanks and the repairs of others during a period of more than 30 years, were so great as to render the original water classification a most unsuitable basis for re-assessment."

This is followed by grouping of a taluk or tract into different groups or circles on the basis of (1) climate (rainfall), (2) situation with respect to markets, and (3) the state of husbandry.

The object of grouping, in the words of the Revenue Survey Manual is " to ensure a fair and even distribution of the assessment it is proposed to impose on the taluk as a whole, over the villages comprised in. It may be generally remarked that what classification is to the fields comprised in a taluk. As the classification ascertains the relative values of the lands within a village, according to the depth, texture and colour of the soil, so the grouping ascertains the relative values of the villages, on considerations of climate, markets and husbandry.

The Land Revenue Code (Section 115) lays down that

the revised assessment shall be fixed " with reference to general considerations of the value of land, whether as to soil or situation, prices of produce or facilities of communication." These considerations ~~xxx~~ ultimately involve reference to prices. As Col. Grant has remarked in his report on the revision of settlement operations in the Davanagere Taluk, " the prices of produce, up to which all the other considerations set forth in Section 115 of the Land Revenue Code really lead, represent the only consideration upon which revised - assessment can be fixed. Section 115 lays down that the revised assessment should be fixed with reference to general considerations of the value of land as to soil, situation, prices of produce or facilities of production. Of these considerations that of soil is, or should be in practice omitted. Situation and facilities of communication are the basis of the prices of produce and might have been omitted but for the fact that they influence prices locally, as distinct from a general rise in prices." Accordingly the Settlement Officer, while taking into consideration all relevant facts about improvements in means of communication, changes in standards of life as well as in the methods of cultivation, has to examine carefully the trend of prices and the causes of a movement in them, and the enduring character of the changes. As a result a decision is arrived at regarding the maximum rate for each group. The rates are adjusted to each village and to each holding according to local differences. The - Government have laid down the limits beyond ~~xxxxxxxx~~ which the assessment cannot be raised, even if the circumstances above mentioned should warrant a larger increase. The permissible increases are as follows:

(a) 33% in the case of a taluk or group of villages brought under the same maximum dry crop rate.

(b) 66% in the case of a single village.

(c) 100% in the case of an individual holding.

The proposals are submitted to the Government, and on their approval are announced to the tenants in each village. The revised rates are fixed for 30 years and come into operation as a rule in the financial year subsequent to the year in which they are announced.

The above brief resume is intended to bring out the fact that the observations of the Joint Select Committee apply equally to the system of land revenue administration in the State both as regards the elaboration and care with which it is conducted and the absence of legislative control of the principles of levy and the pitch of assessment.

9. The Indian Taxation Enquiry Committee examine at considerable length the assessment on agricultural land in the light of the familiar canons of taxation. The position in Mysore is as follows:

(i) Certainty. The land revenue is a demand which is fixed during the currency of a Settlement, and consequently, once the settlement is made, the cultivator knows precisely what he has to pay in the shape of assessment.

(ii) Convenience. This canon requires that the sum due to Government, should be taken from the payer at a time, in the place, and in the form most convenient to him. It is collected in four instalments, the first of which commences shortly after the harvest. Payment is made to the Shanbog in money. Inconvenience is said by the Committee sometimes to be caused by the

fact that " the income out of which the assessment has to be paid fluctuates enormously with the vagaries of the monsoon and other causes", and " a substantial deficiency in the outturn may leave no net produce whatever, so that (in the absence of savings) the assessment can only be paid by borrowing or by stinting the necessities of life." This incident of a bad season is best considered under the canon of equity.

(iii) Economy. This has two aspects: In the - first place, the payer should not suffer a greater loss than is caused by the amount of payment. Thus any interruption to the continuity of business or loss of output involved by the processes attendant on the levy of a tax would mean loss. In the case of land assessment, such dangers are real when the tax has to be assessed and collected on the standing crop, when delay on the part of the collectors might ruin the farmer. Such a contingency may possibly arise when exceptional circumstances require the application of the precautionary measures permissible under Sections 146-151, but Section 149 imposes a duty on the Deputy Commissioner to see that the reaping of the - crop is not unduly deferred and that prolongation of its deposit does not damage the produce.

Another aspect of economy is that the expenditure entailed by the assessment and collection of land revenue should be kept to a minimum. As in British India, the officers of the Revenue Department are entrusted with a number of other duties, so that it is only a small proportion of the cost of revenue establishment that can be charged directly to land revenue The budget figures in recent years have been:

Table VI

The entire expenditure of the Survey Department may be considered a charge on land revenue, though even here it should be noted that " the record serves many purposes other than that of revenue."

(iv) Equity. Here the test to be applied is whether the burden on the subject is fair i.e., we must investigate on what basis the assessment is made and whether the rate or pitch of assessment is not too high. There is no definite statement as to the basis on which the levy is made in Mysore, but since the Bombay system is our model, the remark of the Indian Taxation Enquiry Committee regarding the system of assessment in Bombay applies to the Mysore system that " it is empirical." The Settlement Officer's final decision depends " not upon the formal working out of results based on theory, but rather upon the subjective impressions of local knowledge and experience." At the same time it has been claimed that the revision settlement in Mysore aimed at obtaining for the Government not " the full proportion in which the State would be entitled to share in the increased value of the land as to prices, but only an amount of the increase well within the strictly justifiable limit." The difficulties of the tenant involved by the liability to pay the assessment in spite of the vagaries of conditions that affect production are also in point when the ability to pay is under consideration.

An adequate treatment of this question requires fuller details than have been hitherto available and it is hoped to supply the omission when the report is finally submitted.

10. We now turn to other uses to which land may be put, one of which is encouraged by low assessment, and the other is permitted on payment of additional sums.

Special concessions are granted in the shape of low assessment or no assessment in the initial years and normal assessment in subsequent years for the encouragement of special crops like coffee, cinchona, cardamom, rubber, tea, sisal hemp. Of these, the only one whose cultivation is carried on to any appreciable extent is coffee with an acreage of ..... in 1925-26.

1,01,270 acres in 1924-25.

11. According to Sections 48 and 59 of the Land Revenue Code if land appropriated for agricultural purposes is sought to be used for non-agricultural purposes permission will be given to do so only on payment of a fine in addition to any new assessment that may be imposed. It is understood, however, that if arable land is converted into a building site, no assessment is levied, when the fine which is expressed as a multiple (25) of the annual agricultural assessment is once paid. A maximum limit of Rs. 200 an acre is fixed for such a fine, but in special areas, the fine may be fixed at higher sums approaching Rs. 1,000 an acre. The Government itself will also sell building sites without reserving an annual ground-rent, provided certain conditions, among them payment of a stipulated price for the site, are accepted.

In this respect, the practice in Mysore differs from that in the neighbouring British provinces, in one of which varying amounts of ground-rent are charged in municipal areas on building land and in the other of which a reasonable share of the annual value of the land used for purposes other than agriculture is taken.

The one exception to the common practice in Mysore is the levy of a Mohatarfa tax on buildings in those areas which lie outside the jurisdiction of either municipalities or Village Panchayets. The income from the entire mohatarfa which includes tax on lime-kilns, tax on vacant sites in villages, is about 3 lakhs, so that the amount obtained from ground-rent is very small.

12. The general position as regards land revenue in Mysore may be briefly summarised as follows:

(1) Land is the chief source of revenue in the State both for provincial and local purposes.

(2) Gifts of land and permanent settlement have deprived the State of a considerable amount of revenue.

(3) Assessment of agricultural land is the chief form on which land is taxed.

(4) The pitch of assessment and the operations connected with it are in the discretion of the Executive, the Code only laying down the general principles.

(5) Tested by the accepted canons of taxation, assessment on agricultural land satisfies all of them except perhaps that of ability, in the case of small occupiers.

(Tentative).

(6) . A gap in the system of assessment is the absence of assessment of building sites for provincial purpose.

13. The Recommendations of the Indian Taxation Enquiry Committee regarding land revenue in British India.

..

After an elaborate survey of the systems of taxation of agricultural land in other countries and of the variety of practice in India in itself with regard to the assessment of land revenue, the Committee come to the conclusion that " the essentials to be sought for in any new scheme of temporary settlement seem to be, first, that it should be definite as regards both the basis and the pitch of assessment; second, that it - should be as simple and cheap as possible; third, that it should, so far as possible, ease or steady the burden on the smallest cultivator; and fourth, that it should, in common with the rest of the system of taxation, have some element of progression in the case of the larger owners."

The following specific recommendations are intended to introduce these essentials into the system of land revenue in British India:

(a) For the future the basis of the settlement should be annual value by which term is meant the gross produce less cost of production, including the value of the labour actually expended by the farmer and his - family on the holding, and the return for enterprise, and the function of the settlement officer should for the future be limited to the ascertainment of this value on a uniform basis under such conditions as might be most appropriate in each province.

(b) As regards the rate, there should be an expert enquiry in each province with a view to ascertaining what is the most general rate at present exacted. The local legislature would then be in a position to fix a common rate for the province. While immediately the rates fixed by the Legislatures would tend to conform to the existing pitch of assessment, it would be open to the legislatures to increase/decrease the general rate in accordance with the share they thought it fair should be contributed by the land revenue to the expenses of the State.

The Committee express the opinion that the standard rate should not be more than 25%.

(c) It is but right that the standardisation of the land revenue should be accompanied by a moderate increase in the local rate. The maximum for the ordinary rates should be somewhere about 25% of the sum taken as land revenue, and there would be no objection to the imposition over and above this of additional special and temporary rates for specific local purposes.

(d) Since the land revenue is a tax in rem levied at a flat rate, it would be impossible either to graduate it or to give exemption to particular lands because of the circumstances of the persons who cultivate them. Further the difficulties of the poorest cultivator arise, not out of the land revenue itself, but out of a combination of circumstances of which the chief feature is a larger extension of uneconomic holdings. Apart from standardisation of land revenue at a comparatively low figure, and 25% of the annual value must be considered low, the real relief of the poorest cultivator must come from a better system of rural economy.

(e) For a similar reason, the only method of making

the contribution of the large holder larger in proportion is to impose some other tax on him, such as a succession duty or to bring agricultural incomes within the law of income-tax.

In a separate Section of the Chapter, the Committee examine questions connected with revenue from non-agricultural land, and their principal recommendations are:

(i) As in Bombay, whenever land which is assessed to land revenue on the basis of its crop value is diverted from use for cultivation, it should be liable to re-assessment on the basis of its annual value for other purposes.

(ii) Grants of revenue-free house sites in villages should be made subject to the levy of ground-rent if and when the village becomes a town.

(iii) The practice of sharing with municipalities the increased income from the non-agricultural use of land is to be commended, but it is undesirable that the management of the lands should be made over to them.

14. It remains now to consider how far these recommendations are applicable to the system of land revenue in Mysore and what the effects will be.

Two recommendations of an administrative character may be first considered. The Committee follow the Joint Select Committee in holding that the rate of levy should be fixed by statute, and they recommend that legislation should be preceded by an Expert Enquiry as to the most general rate at present exacted. It is not quite certain whether there is in our State the variation between one part and another in the matter of the

rate of levy, and this is in any case a matter for further investigation. The main recommendation, statutory sanction of the rate of levy, is based on the obvious principle that taxation should receive the approval of the Legislature, and should not be left to the discretion of the Executive. At the same time, there is no doubt that with the progress of the political education of the people, this would introduce an element of elasticity, since the rates can be altered whenever the people are willing to incur additional expenditure on developments which have their approval. At present change can take place only after a long interval. Any alteration will certainly have to be made with caution in view of the fact that the majority of those from whom land revenue is raised can hardly be said to be propserous.

The equity of the rate to be fixed by statute, even if it is as low as 25%, will depend on the basis on which it is levied. What would be a low rate if levied on the surplus or net yield may be a heavy burden if levied on the gross produce, or any similar basis. Of course as a matter of fact, in all settlements an attempt is made to get at what may be called the true surplus and obtain a fair proportion of it for the State. An exception is British Baluchistan, where the traditional sixth of the gross produce is levied and sometimes even more. In - Madras, the value of the gross produce is determined on the basis of the average of prices of 20 non-famine years immediately following the settlement, and from the sum so obtained " the cost of cultivation and a certain percentage on account of vicissitudes of seasons and unprofitable areas is deducted, and one half the remainder is the maximum taken as an assessment of the Government demand on the land." The practice is similar in other

provinces, though differing in details. Everywhere an attempt is made to get at net assets. The Committee found, however, that in spite of the seeming variety in practice, there was everywhere a tendency to base resettlements mainly " on prices and general economic factors. In the carrying out of these resettlements, an increasing degree of importance has been given to annual value as ascertained by records of leases and sales and other similar factors." The Committee, therefore, recommend that annual value as defined by them should form the basis of levy. So far as Mysore is concerned, the practice in this respect closely follows that of Bombay, where resettlements approach most closely the basis and the methods recommended by the Committee, though as in Bombay the system of assessment is empirical and does not consciously follow any defined principle in respect of basis.

The Committee recommend that there should be increased taxation of land for purposes of local finance. It is a familiar fact that real property forms the chief support of local finance all over the world, and in the State there is a local rate which is augmented in several districts by railway and education cesses. These will be considered fully in a later part of the report, and at this stage, it is sufficient to state that this recommendation has the countenance of practice in the State.

Two recommendations of the Committee may be taken together, viz., (d) and (e). In the statement of essentials of a new system of land revenue, the Committee imply that there is room for re-adjustment of the system of land revenue in such wise that the burden on the small holder is rendered lighter, while the large holder should contribute a larger sum to the State. In other words, an ele-

element of progression should be introduced into the system with its corollary of an exemption limit. As they subsequently point out, this cannot be done directly as the assessment is on a thing and not on persons, just as it would be impracticable to introduce an element of progression in the case of indirect taxes. At the same time, the poverty and helplessness of the small holder and the comparative prosperity of the large holder, who frequently has other sources of income, are well-known facts. The recommendations of the Committee relate to improvement in rural economy for the benefit of the farmer, and taxation of the latter, either by an income tax on agricultural incomes or a succession duty, or both. These suggestions are far reaching, but do not affect directly the system of land revenue. Improvement in rural economy is a matter of administration, while the two taxes recommended will be considered elsewhere. So far as the system of land revenue is concerned, the net result of the recommendations of the Committee must be taken to be that no adjustment is possible on account of the disparities in the economic conditions of the holders and that a remedy must be sought elsewhere either in administration or in changes in other parts of the system of taxation.

So far as the revenue from agricultural land is concerned, the recommendations of the Committee relate mainly to the authority for, and the basis of, levy. Yield is affected only by the scope introduced for more frequent variations that is now possible with a system of settlements for 30 years.

The Committee's recommendations regarding taxation of building sites are somewhat different. It has been so far difficult to ascertain the exact position in

the State in regard to building sites, but if the summary given earlier is correct, it follows that there is room for the adoption of the first and second recommendations summarised above- that land diverted from agricultural use to building purposes, should be liable to an assessment in addition to the fine, which should be considered as analagous to contribution in the case of land supplied with improved water facilities and therefore calculated on a different basis; while, transformation of village areas into municipalities should automatically lead to levy of a similar assessment on house sites which were hitherto free from any tax. Urban land is a fruitful source of taxation, and though, as the Committee recommend, the realisations will have to be shared with municipalities, the right of the State to a share cannot be denied

Municipalities already levy a rate on dwellings, and it may be considered that the above recommendation will either result in additional taxation or in the State - claiming a share in municipal taxation only probably to pay it back in the form of a grant. The proposal is certainly to levy and additional tax on building land, whether in municipal areas or outside (excepting such land in villages which is exempt from assessment), as is the case in several provinces in British India.

Charges for water.-

Water rates include " all the charges of various kinds that are made for water for the purposes of irrigation ". (page 98-report of the Indian Taxation Enquiry Committee). The Mysore Land Revenue Code amplifies this definition by indicating the sources of supply of water. Section 53 of the Land Revenue Code authorises the levy of rates " for the use, by land-holders and other persons, of water, the right of which vests in Government, or - which has been made available in consequence of the construction, improvement or repair of any irrigation or other work by Government or by a private person acting under the written authority of Government." That is to say these rates can be levied by Government for the supply of water from irrigation works newly constructed or - ~~improvement or repair~~ improved or repaired by the Government or by persons authorised to do so, as well as for the use of water which belongs to the Government though the Government itself has done nothing to provide the supply e.g., water from jungle streams.

The conditions under which the need for supply of water arises in India have been described in paragraph 120 of the - Report of the Indian Taxation Enquiry -

Committee and these conditions are present in a similar degree in Mysore also. Thus there are areas in which nothing can be grown without irrigation. The configuration of the country makes necessary the construction of head works and distributaries. There are parts of the country where there are no rivers and consequently reliance has to be placed on reservoirs. These conditions not only make the provision of irrigation works necessary but along with other conditions enumerated in the same paragraph such as variations in tenures and varieties of crops grown affect both the cost of providing the supply of water and its value to the farmer.

In the State the proportion of irrigated area to non-irrigated area is roughly 1 to 5 and as regards the irrigated area the supply of water is obtained in the following diverse ways, only some of which as will be seen are provided by the construction of irrigation works.

The State has been from very early times abundantly provided with tanks, and there was also a fairly extensive system of canals specially in the - Mysore District. The problem of irrigation till about half a century ago consisted mainly in the maintenance and repair of the already constructed tanks and canals. Soon after the Rendition the Government undertook several large irrigation projects and this also has been continued in subsequent years, of which the Vani Vilas Works and the - Krishnarajasagara works are the latest examples.

The area of land that has been converted into wet cultivation as a result of these irrigation works in the last half a century is broadly.....acres.

Therefore the problems associated with supply of water came to prominence only when the Government undertook the construction or extension of irrigation works and the earliest order/lays -- down the principles which should regulate the levy of charges for the supply of water from irrigation works is that of first October 1888. Subsequent orders of some importance are dated November 1894, July 1902, and the most important viz., those relating to supply of water from the Krishnarajasagara works are of more recent date viz., 1913 on wards.

The charges made for the supply of water are of two kinds. In the first place there is the contribution taken from the owner in consequence of the improvement in the value of the land by the supply or assurances of supply where formerly the supply was fitful, of water for wet cultivation. In the second place there is the charge made on account of the increased or improved output from the land rendered possible by the supply of water. These two items correspond to the owner's rate and the occupier's rate in British India. The several Government Orders which lay down the amount of contribution and the annual rates to be - levied in the case of the land brought under irrigation do not discuss at any length the principles that regulate the imposition of either contribution or the annual rate, though generally there is a reference to the improvement in the value of the lands or the increase in the output. The Government Order dated 1st October lays down the principle on which contribution is to be levied in future from the land-holders benefited by such irrigation works. The order states " that/Government under-take a large irrigation work which adds great value to the holdings below, it has a right to participate in some moderate degree in

the additional value thus imparted. It is sometimes contended that the wet assessment imposed is a sufficient return for the capital which Government spends on a new work. This is not the case..... The increase of value is quite irrespective of the enhanced assessment but is due partly to the construction of the irrigation work, and partly to the position of the land itself." The order proceeds to lay down specific rules for the imposition of a contribution and they are as follows:

1st. When a proposal for any such work as aforesaid has been made and is under investigation or consideration, no darkhast shall be accepted for any Government unoccupied dry land likely to be converted into wet by such work. All such unoccupied dry lands should be reserved for sale by public auction after the completion of the work. Whenever an Executive Engineer has orders to investigate the project for work of this kind he should forthwith give notice of the fact to the Deputy Commissioner or Deputy Commissioners concerned.

2ndly. No contribution in a lump sum shall be levied in respect of such work from the holders of inam or Government occupied lands likely to be benefited by the same, but they should be called upon to execute a kabulyat binding themselves to pay to Government, on the completion of the work, a specified contribution per acre of occu-

occupied dry land which may be converted into wet, without in any way affecting the liability of the land, if Government, to pay a wet rate of assessment and, if inam, the prescribed water rate.

3rdly. The contribution per acre as per the foregoing rule shall, according to the circumstances of the ryots concerned, vary from a third to a fifth of the difference between the local market values of an acre of dry land and of an acre of wet land. The character and permanence of the irrigation supplied, the quality of soil, the agricultural labour available, will all be taken into account in fixing the market values as above.

4thly. A report of the fact that mutchalikas under these rules have been taken should always accompany the estimate for the work submitted for the sanction of Government.

5thly. In special cases in which the Deputy Commissioner may be of opinion that these rules should not be applied, or that the rate above prescribed should not be reduced or increased, or that no contribution whatever, or only a contribution in a lump sum from the entire body of land holders should be levied, a statement by the Deputy Commissioner of his opinion with

reasons therefor should accompany the estimate submitted for sanction.

6thly. Where holders of not less than five sixths of the occupied area execute mutchalikas under these rules and the holders of the remaining area refuse to do so the matter should be reported in the statement accompanying the estimate for the orders of Government, and the Government will then decide whether the work should be abandoned by reason of such refusal or whether the refusing land holders should be compelled to pay their due share of contribution either in one lump or by means of a temporary addition to the wet assessment for a specified number of years. (say by 7 or 8 annual payments of a sixth of the contribution fixed.

In subsequent orders these rules and the principle that underlays them have been put into force, and whenever canal irrigation has been extended, as has happened in a large measure under the Krishnarajasagara works a contribution has been levied which has represented a part of the increased value of the land. The specific amount fixed has however been empirical and not the result of any detailed calculation.

When once a contribution is fixed the practice is to distribute it over a number of years and collect the annual instalment along with land revenue. The period has varied and has been sometimes as much as 11 years.

The annual rate for the supply of water is stated in the Land Revenue Code, Section 133-Revenue Manual to be a portion of the land assessment, though not always consolidated in it, on grounds of convenience. The procedure seems to be as follows:

Whenever canal irrigation work is extended or the old irrigation work has been restored or repaired the Survey Department with which vests the right of fixing the water rate determines the additional annual sum, the occupier of the land benefiting from the irrigation can be called upon to pay. In the case of dry land converted into wet by the use of Government water, the rate has to be fixed at the difference between the assessment on that class of land and that on wet land of similar quality - in a neighbouring Government village. The rate for improved supply of water or for fresh hot weather supply is also fixed by the same Department on similar considerations. The following schedule of rates - fixed in the different parts of the Province will give some idea of the improvement - affected by irrigation fecilities in the output of the land.

(table to be obtained from the Survey Department.)

It should be noticed however that - whether in the case of contribution or in the case of annual rents no rigid method

is followed that is capable of accurate measurement in fixing the amounts to be obtained. One thing that can be said definitely is while on the one side some note is taken of the value of water to the farmer there is no indication that any attempt is made to relate either to the contribution or the annual rate to the capital expenditure and the interest on it. This is probably due to the fact that it is only in very recent years that irrigation works have been constructed out of borrowed sums. The practice hitherto has been to devote sums from the annual revenue or from savings for the purpose, so that no correlation has been established between water rates and cost of supply.

The water rate is collected along with land revenue till the time of resettlement when it is merged in the new rate of land revenue that comes to be fixed for the land, so that the maximum period for which the water rate is kept apart from land revenue is less than 30 years. As a matter of fact the Government in at least one case have reserved to themselves the right of altering the water rate after the lapse of a shorter period. The Government Order dated 27th September 1913 regarding lands brought under wet cultivation under the Krishnarajasagara works remarks that as it may take some years before wet cultivation is established and the exact value of water rate can be gaged in the locality, Government consider it -

desirable that the water rate which may be now fixed should not be permanent and they are accordingly pleased to direct that the rates to be fixed by Government as well as the inam lands be temporary for a period of 6 years, at the end of which period they will be liable to revision at the discretion of Government.

It is not possible to ascertain how much of the revenue of the State is obtained from the water rates, since as has been pointed out above they tend to be merged in the wet assessment after the resettlement is made, and that happens to have been the case very recently in the State. It has been pointed out above that the proportion of irrigated land to dry cropped area is 1 to 5 and if we take the average assessment of dry land at Rs. 1-8-0 and wet land at Rs. 6-8-0, it can be said that approximately 50 - lakhs of rupees are obtained from the sale of water. That is to say nearly half of the land revenue of the State, which it should be noted includes a number of miscellaneous items is obtained from this source.

The Indian Taxation Enquiry Committee make the following specific recommendations:

(1) Separation of the charge for water from the charge for land.

(2) The normal water rate should be a moderate ~~xxxx~~ share of the value of water to the cultivator, the minimum being the cost of supply and the maximum the whole of the increase in the return from the land except such portion as would ~~xxx~~ be just sufficient to induce the cultivator to take the water.

(3) The value of the water to the cultivator should be determined in relation to prices, demand , reliability of supply - and quality of water.

(4) The rates should be fixed by ~~xxxx~~ the area and should be as few as possible.

(5) The rates should not be fixed for more than 10 years at a time.

(6) A reasonable share of the addition made to the capital or annual value of the land by such guarantee should be taken by the State and be a charge on the owner.

Application to Mysore.

In two respects the practice in - Mysore conforms to the above recommendations. There is already a system in - vogue of raising a contribution from the owner for the addition made to the capital value and the tendency also has been to fix the water rate only for a period. One reason why the question of period has not been till recent years given prominence is the fact that entirely new irrigation works have been a feature only of recent times, the earlier occasion for levying a water rate being nearly an improvement in the existing works by extension or repairs.

The basis on which the rate is determined is similar to that recommended by the Committee, but there seems to be no clear cut recognition of the several elements that go to determine the increase in value and no attempt seems to have been made to work out the formulae or define rules for realising the principles which seem to be more or less present in the - minds of the officers who determine the - rate.

The most striking defect that calls for reform is the merging of the water-rate in the land assessment, and the system is the same as that which prevails in the Madras Presidency which the Committee -

condemn as unsound both in theory and in practice. This consolidation of the two rates as the Committee point out ignores important differences between the two rates as ~~the Committee point out ignores important differences between the two~~, as the Committee recognise " it is obviously out of question to make a change during the currency of a settlement", and further " There may be a difficulty in ~~easily~~ doing so in the case of old works."

The recommendation of the Committee should be accepted in the case of all new works, so that the State might retain unimpaired the expanding source of revenue.

EXCISE.

1. Excise duties fall into two groups: Those that are levied for the purpose of revenue only, and those that are levied with an ulterior object, generally that of restriction of consumption. Examples of the former are the duties on salt and cotton piece-goods, while the latter consists of the duties on various kinds of intoxicants.

2. There are no excise duties of the purely revenue kind in Mysore, the lately abolished duty on cotton piece-goods being during its operation the sole example. The chief articles subject to excise duties of the restrictive kind are:

(1) Arrack and other country spirits.
(2) Toddy.
(3) Malt liquors.
(4) Akkibhoja or rice-beer.
(5) Foreign liquors.
(6) Intoxicating drugs, mainly ganja.
(7) Opium.

Methylated spirits, rectified spirits, medicated wines, and cocaine are also exciseable articles, but because of the special conditions under which they can be sold they furnish little or no revenue.

3. The revenue from the seven articles mentioned above is obtained either by way of a duty or rent on the right to vend or both. In the case of toddy, the duty has its counterpart in a tree tax. It will be convenient to summarise briefly the administrative provisions in each case:

(1) Country spirits.

Their production is carried on by a contractor - under Government supervision at the Government Central distillery, Bangalore. The right of manufacture is sold by tender, generally for a period of 3 years. It carries with it the obligation to supply at a stated price required amounts of spirits from time to time to the - depots which are located all over the province. The liquor is taken from the bonded depots to retail shops by those who run them on pre-payment of duty and price, which are prescribed from time to time. The duty in force at the present time is.....* per gallon and the price is.....1-4-0 per gallon.

* Table for Schedule VII

The right of vend in retail shops is generally disposed of by auction every year. The strength at which arrack may be sold is also prescribed from time to time.

(2) Toddy.

In addition to the sale of the right to vend in retail shops, a tax is imposed on every tree from which it is intended to draw toddy. The rate of tax at present is.....* .....In addition to the tax, there is also a tree rent for the use of Government trees.

* Table VII for Schedule

Licenses are granted for the tapping of trees, on the basis of about 30 date trees to a tapper.

(3) Malt liquors.

These are not manufactured in the State, and the State derives a revenue from their import and consumption, partly by a duty of Rs. 0-8-0 per gallon and - partly by the sale of the right to vend by auction.

(4) Akki Bhoja.

While no duty is levied on production for bonafide home consumption, production and sale to the public is subject to license, which is disposed of by public auction.

(5) Foreign liquors.

Revenue is obtained from them in the form of license fees, registration and surcharge fees. The scale of fees on different kinds of licenses is fixed from time to time, and the present rates are.*.

To be obtained.

(6) Intoxicating drugs.

" The term includes ganja, bhang, and every preparation and admixture of the same and every intoxicating drink or substance prepared from any part of the hemp plant."

The supply of ganja required for consumption in the State is drawn from the Goribidnur Taluk of the Kolar District, where its cultivation is permitted only under license. The output is bought from the cultivators, the price paid depending on the quality of the drug produced. Ganja is pressed into cakes at site and them transported to the Stores at the Government Distillery, Bangalore from where supplies can be obtained on payment of duty and price. The privilege of vending ganja in the retail shops is disposed of by auction. The price at the present time is Rs. 1-12-0 per seer, and the duty Rs. 20.

In the Bangalore Taluk an interesting attempt has been made to substitute a system of surcharges on a progressive scale for the sale of vend rights. Approved - applicants who have been granted licenses to sell are - supplied the commodity at Rs. 1-12-0 per seer along with

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a duty of Rs. 20. They are expected to sell it at - Rs. 0-10-0 a tola, no one person being allowed to buy more than 4 tolas at a time. Out of the surplus of Rs. 28-4-0 per seer, the vender will have to meet his working expenses and pay to the Government in the month following that of sale, an additional sum calculated as follows:

Number of seers issued from the Treasury.	Surcharge per seer. Rs. a. p.
3	17 0 0
6	20 0 0
9	22 0 0
12	23 0 0
15	23 8 0
18	24 0 0
21	24 8 0
24	25 0 0
27	25 4 0
30	25 8 0
33	25 8 0
36	25 12 0
39	26 0 0
42	26 0 0
45	26 8 0

Over 45 seers at Rs. 28-4-0.

In other words, it will not pay a vender to sell beyond 45 seers per month at the outset.

(7) Opium.

In Bangalore Taluks an experiment similar to the one referred to under Ganja is being

Opium consumed in the State is imported from Madras by the Government and supplied to retail vendors. The right to sell opium by retail and to manufacture and sell intoxicating drugs from opium or preparations for smoking is sold by public auction annually.

4. The accompanying tables show the revenue from excise in the aggregate as well as in detail under different heads. The following points seem deserving of attention:

Tables VIII (Graph) IX and X

(a) The total revenue, ~~which~~ was more or less stationary from 1903-04 to 1911-12, when it began to rise ~~shortly~~ sharply till it reached the maximum in 1921-22, since then showing steadily declining.

(b) The increase in the yield from shop rentals has been far greater in proportion than the increase in the yield from duties.

(c) The relative proportions of shop rentals and duty in the case of arrack and toddy are in marked contrast not merely with each other but also to some extent with the proportions in British India. In Mysore, the duty on arrack is about 2/3rds of the total revenue from this source, while the tree tax in the case of toddy is less than a third of the total yield. In comparison with British India, the proportion of the duty in arrack is not dissimilar, but the tree-tax in Madras is very nearly equal to the yield from rentals.

Table XI and accompanying Graph.

5. An attempt has been made by means of index numbers and a graph to bring together the variations in total revenue, shop rentals, quantity of spirits consumed and the number of trees tapped and the rates of duty. The conclusion seems to warrant that the abnormal rise in the revenue during the years 1911-12 to 1921-22 was due to the speculation in shop rights, which swamped the factors that would otherwise have led to a slow decline.

6. It now remains to enumerate the chief proposals of the Indian Taxation Enquiry Committee and examine their application to Mysore.

(a) In the case of country spirits and hemp drugs a system of supply through a managed monopoly, such s that of contract supply, should be extended wherever possible.

This is the system that has been in operatior in the State for many years.

(b) The system of tree-tax should be extended wherever possible.

Here again the recommended system has been in operation.

(c) Experiments should be made in making up ganja in a more uniform and consistent form and of opium int pills of a fixed size.

This is a technical matter, on which the opinion of the departmental authorities will be obtained.

(d) Instead of selling vend rights by auction, it would be desirable to introduce, under safeguards " a system of surcharge, but on a sliding scale so arranged that for each unit of quantity issued to a particular shop the percentage of profit accruing to the vendor is less than that in the previous unit." The system was also approved by the Indian Excise Committee of 1905-06.

The details of this important proposal and the arguments for and against it with reference to - Mysore will be considered in the final report.

(e) Experiments should be made in the direction of bringing the brewing of country beers under control.

The chief of these is rice-beer which through a ready substitute for spirit, will not keep. Japan is said to have discovered a method by which rice beer

made in a Central brewery can be treated so as to acquire keeping properties.

In Mysore, production of rice beer coming within the operation of excise duties is confined to one Taluk, viz., Thirthahalli, and even here the question of abolishing the shops that sell the liquor is said to be under consideration. Therefore the recommendation of the Committee does not seem to be of much practical importance at the present time.

7. The Committee discuss at length the economics of prohibition, and point out that successful prohibition would not merely mean loss of the present excise revenue, but also involve additional expenditure. Obviously this would be equally true of prohibition in Mysore, where nearly one fifth of the gross revenue is obtained from this source. Apart from any sudden and dramatic introduction of prohibition, the State will have to face progressive decline in excise revenue as the accompaniment of growth of temperance. In the circumstances the suggestion is worthy of consideration that the State should conduct experiments in the industrial use of alcohol, so that the resources of the country now devoted to the production of drink, may be utilised in equally profitable, and less harmful ways.

Another aspect of the problem worth investigation at the present time is the illicit manufacture of liquor. The recent decline in the revenue is no doubt partly due to the depression in industry and trade and in part to improved habits of life, but experienced administrators suspect increase in illicit production. Until this is reduced very considerably, fall in excise revenue means a loss to the State without the compensating gain in welfare.

INCOME TAX.

1. A noteworthy fact is that, although incomes have been taxed in various ways from very early times, the income-tax in its modern form was even in the opening years of the present century looked upon as a temporary expedient to tide over a passing emergency, and it was only in 1907 that it came to be accepted even in Great Britain as a permanent feature of public finance. War and post-war finance have made this form of taxation practically universal.

British India adopted this tax so early as 1860 on the British model, but dropped it in favour of other substitutes, only to revert to it in 1886. Till 1916, the tax was levied at a flat rate of 5 pies in the rupee on all incomes. In that year, the principle of progression was introduced, and a super-tax followed in the next year.

Though a Committee of the Mysore Economic Conference reported in favour of an Income-tax with a progressive scale as early as 1914, the tax was introduced only in 1920. The first Regulation and the subsequent amendments are all closely modelled on the Statutes of British India, the only difference being in the rates of levy.

2. The principal provisions are briefly summarised below:

(a) The tax is levied on income arising or received in Mysore. This covers two classes of income, which are specially mentioned in the Regulation:

(i) Income accruing outside Mysore to a person resident in Mysore, provided it is brought

into Mysore within 3 years of the end of the year in which it arose.

(ii) Income earned by any person residing outside Mysore, through any business connection or propefty in Mysore, the person dealt with being the agent or the resident in Mysore who carries on the business or manages the property in association with or on behalf of the outsider.

Certain classes of income are exempt from the tax, the most important of which in the present context are agricultural incomes. (Agricultural incomes derived from property outside Mysore can be assessed).

The period for which the income is calculated is the year previous to the one in which the tax is levied.

From the income thus ascertained, certain deductions are made before assessment:

(i) Losses incurred in the course of the year.

(ii) Working expenses such as insurance and depreciation charges.

(iii) Insurance premia to the extent of a sixth of the total income.

(b) The necessary data for assessment is obtained in the main from persons who are believed to be liable to assessment, a list of such persons being prepared by the Department. This procedure is supplemented in the case of companies and Government and other Offices. Information as to the income of the company, and the names of persons receiving salaries above a stated minimum are obtained from responsible parties.

Collection is in the main on direct assessment, but the tax is deducted at the source in the case of salaries.

(c) Income below Rs. 2400 per annum is exempt, and the rates on higher sums is graduated as follows:

A. In the case of every individual, every unregistered firm and every undivided Hindu family:-

(1) When the total income is less than Rs. 2,400	.. Nil.
(2) When the total income is Rs. 2,400 or upwards but less than Rs. 9,000	.. 3 pies in the rupee
(3) When the total income is Rs. 9,000 or upwards but is less than Rs. 25,000	..4½ pies in the rupee
(4) When the total income is Rs. 25,000 or upwards but is less than Rs. 40,000	.. 6 pies in the rupee
(5) When the total income is Rs. 40,000 or upwards but is less than Rs. 50,000	.. 9 pies in the rupee
(6) When the total income is Rs. 50,000 or upwards	.. 1 anna in the rupee

B. In the case of every company and every registered firm, on all incomes not below Rs.2,400 1 anna in the rupee

Over and above the income-tax, a super-tax of one anna in the rupee is levied on all sums in excess of Rs. 50,000.

Double taxation in the case of incomes arising outside Mysore and brought to Mysore or arising in Mysore is avoided by arrangements with British Indian and British Income-tax authorities.

(d) The administration is separately organised so far as the central office is concerned, and there are separate establishments for the assessment and collection of the tax in the cities of Mysore and Bangalore. Elsewhere in the State, the revenue officers are Ex-officio Income-tax officers of the corresponding grades for the purpose of assessment and collection.

3. The accompanying tables give the number of assessments, the income taxed, and the yield from each class of assessee. Table XII

4. The recommendations of the Indian Taxation Enquiry Committee:

(a) The following recommendations are directed at the yield from the class of incomes now assessed:

(i) Losses sustained in any one year should be allowed to be set off against profits in the next subsequent year only subject to the condition that any assessee who claims to have sustained a loss must prove the fact by producing his accounts as soon as possible at the close of the year in which the loss is made.

The English method is to assess on the basis of the average income of three years, which will authmatically allow for the loss of one year to be set off against the profits of the following year. There is no doubt that the present position needs alteration, and the recommendation of the Committee should be adopted. This will probably reduce the yield to a slight extent.

(ii) Income of a person resident in India accruing to him outside is not taxed unless it is brought into the country within 3 years. There is a similar provision in the Mysore Regulation. The Committee take note of the fact that the proviso leads to much administrative difficulty and allows room for fraud. After considering the ~~existing~~ British practice of taxing all such incomes, whether brought into the country or not, the

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Committee do not recommend any change in the present practice, as the loss of revenue cannot be really very great.

The position is similar in Mysore, but it is worth while ascertaining if the loss of revenue is inconsiderable. A statement should be obtained of the incomes out side Mysore of those believed to possess property or investments outside the State.

(iii) The Committee have come to the conclusion that the high exemption limit may be set off against the absence of allowances for dependents. They alo lay stress on the danger of fraud in the absence of reliable registration of birth, marriage, and deaths.

The Committee have both exaggerated the chances of fraud and ignored the fact that a high exemption limit does not meet the case of those above the limit for some allowance for wives, children, and dependents. The drawback of the present limit both in British India and Mysore is that the tax falls with abruptness on these not far above the exemption limit in the absence of graduated abatements. The English system of abatements is more logical, and in addition to the fact that incomes below £·162 in the case of the unmarried wage earner and £ 270 in the case of the married wage earner are not taxed, incomes above those limits are taxed on a part only, which tends to be larger as the income becomes larger in extent and as the subject has no family. The following extract from the Report of the Colwyn Committee on National Debt and Taxation is interesting in this connection:

x x x x

338. Incomes up to £ 500.- The effective exemption limit for 1925-26 varied as follows, according to the circumstances indicated:-

Single person		Married person without children		Married person with 3 children	
All investment income	All earned income	All investment income	All earned income	All investment income	All earned income
£ 135	£ 162	£ 225	£ 270	£ 315	£ 378

The income point above which the full standard rate of 4s. in the pound began to be chargeable, instead of the half-rate of 2s., is as follows under each of the above heads:-

£ 360	£ 432	£ 450	£ 540	£ 540	£ 648

339. The table below gives the amount of tax payable on certain incomes up to £ 500:-

	Single person		Married person without children		Married person with 3 children.	
Total income	All investment income	All earned income	All investment income	All earned income	All investment income	All earned income.
£200	6 10 0	3 3 4	nil	nil	nil	nil
250	11 10 0	7 6 8	2 10 0	nil	nil	nil
300	16 10 0	11 10 0	7 10 0	2 10 0	nil	nil
350	21 10 0	15 13 4	12 10 0	6 13 4	3 10 0	nil
400	30 10 0	19 16 8	17 10 0	10 16 8	8 10 0	1 16 8
450	40 10 0	25 10 0	22 10 0	15 0 0	13 10 0	6 0 0
500	50 10 0	33 16 8	32 10 0	19 3 4	18 10 0	10 3 4

It is noticeable how great a difference is made in this range of incomes by the allowances to the married man and by the earned income relief.

The reforms worth examination are-

(1) a lower exemption limit.

(2) Graduated abatements on incomes above the limit till a sufficiently larger income is reached.

(3) Allowances for wives and children (Department need not be included.

(I shall work out a tentative scheme and its financial results in consultation with the Department.)

(iv) Graduation.

The Committee realised the disadvantages of the system of assessment by classes but believe that Section 17 of the Income Tax Act reduced the hardships to a large extent. They also considered any change in the direction of the English practice inexpedient as the tax in its present form was comparatively new and heavy impost, and it was essential to secure a satisfactory system of working and not to make changes in the machinery without very solid grounds.

Their conclusion applies with even greater force to the tax in the State.

(v) Differentiation between earned and unearned income.

As the Committee have observed such differentiation is premature at present.

(vi) Rates.

The Committee have recommended an adjustment of the scale in such wise that incomes in the intermediate groups become liable to pay a higher rate, but the maximum rate is unaltered, and the lower incomes are unaffected.

In view of the fact that the rates in Mysore are appreciably lower than rates in British India, some -

change seems to be necessary, although it is true that the income-tax paying section of the population is very small.

(Concrete proposals will be embodied in the - final report.)

(vii) The super-tax on companies.

There has been much misunderstanding about this, and the Committee recommend it be converted into a corporation Profits Tax without the illogical exemptio limit of Rs. 50,000. At the same time, the tax should be regarded as an expense of business arriving at the profits which are to be subjected to income-tax.

If the change is made in the State Rs..... of the income of companies that pay super-tax and - Rs.....of the income of companies that only pay an income-tax would become liable to this tax, and the additional revenue from this source would be Rs.....

Information being collected.

(b) With regard to administration apart from the general remark that they regard " this improvement of machinery as of the first importance", the Committee have made no specific recommendations on the subject, except the following:

(i) The practice of publishing in the annual reports a list of persons penalised for income-tax offences would possibly operate as a deterrent to the commission of such offences.

(ii) Income-tax Officers may be permitted to draw up lists of assessed persons and the sums for which they are liable under local taxation accounts and to furnish these to the authorities responsible for collecting the local tax.

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(iii) Under conditions which obtain in India, it is not possible to substitute committees of local referees for departmental officers to settle disputes regarding questions of facts.

(iv) Steps should be taken to check the growth of certain forms of legal evasion.

(The Committee mentions four. Their prevalence in Mysore and the steps to be taken against them will be discussed in the first instance with the Commissioner of Income-tax.)

(c) Income-tax on agricultural incomes.

The Committee have examined this subject at great length and their conclusions are that-

(1) there is nothing either in the history of the case or in equity to justify the continued exemption of the class of incomes from the income-tax.

(2) In the case of temporarily-settled areas, the return from such taxation would be less than is commonly supposed.

(3) There will be serious, though not insuperable, difficulties in the assessment of agricultural incomes.

(4) Under present conditions, for administrative reasons, the abolition of an exemption which has been in existence for so many years is inopportune and undesirable.

In view of this very definite opinion by the Committee, it is not necessary to discuss the question in detail with special reference to Mysore. Attention may be drawn to the fact that the number of those that pay an assessment of Rs. 500 and above, as given in the Season and Crop Report is..349*...., and it is only

these figures in the Ld. Reports are probably misleading. Enquiries are being made from them.

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some of these that would be liable to pay the tax, so that the yield would be very small.

There is one suggestion which the Committee make in this connection, which is worthy of serious consideration, and it is that the ~~xx~~ income from agricultural should be taken into account for the purpose of determining the rate at which the tax on the other income of the same person should be assessed. As in the case of the larger question, the matter is one of expediency and financial results.

S T A M P S.

1. Stamps as a source of revenue include a number of items, but the most important of them are judicial and non-judicial stamps. The former presents some features of contrast as well as of similarity with the latter, and will be considered separately under the head " Court fees ". Non-judicial stamps are used in payment of duties on deeds and other instruments imposed under the Stamp Law.

These duties on transfer of property and commercial and other transactions are of the nature of a tax on capital, though in form a fee, and are well nigh universal on account of the convenience in collection and supervision.

The British Indian Stamp Act of 1899 was based on the British Act of 1891, and Mysore has embodied the main provisions of the Act in the Regulation of 1900. The Reforms of 1921 provincialised this source of revenue and the immediate result was a series of amending measures were passed by the various provincial Legislatures, all directed towards the enhancement of the rates of the duties. Mysore followed suit in the amending Regulation of 1922.

2. The main provisions of the Regulation (or Act) relate to the class of instruments that are liable to the duties, the basis of valuation, the party liable to pay the duty, the form and the time of payment etc. The schedules specify the amount of duty to be paid in each case, the rates being ad valorem or specific, according to the nature of the document named.

3. The accompanying table gives the realisations from this source for the past 14 years. Table XIII

4. Since the Regulation is a replica of the British Indian Act, and the only difference is in respect of rates, the recommendations of the Committee may be considered directly with reference to local conditions. As their remarks about certain rates being too high are based on the rates contained in the Act of 1899, they naturally apply with greater force to the enhanced rates which obtain now. On the other hand, their recommendations of a rise in some cases may be regarded as having been anticipated except in those few cases, where the original rates remain unaltered.

5. The recommendations are mainly the following:-

I Reduction in duties.

(a) The high rate of duty on bonds in India is believed to have the effect of encouraging the use of promissory notes, even in cases where bonds would be more appropriate instruments for carrying out the transactions. It is desirable that the duty on documents of indebtedness such as bonds and mortgages, be reduced as soon as circumstances permit.

(b) The lower rate of duty on a mortgage deed should be made general whether possession is given or not.

(c) Reconveyances should be charged 2 annas per cent of the mortgage debt.

(d) Deeds of concellation, instead of a fixed duty, should pay the same duty as is payable on the instrument sought to be cancelled, subject to a maximum.

(e) The duty on deeds of transfer of an interest secured by a bond, mortgage deed, or policy of insurance

is the same as that on the document in question, subject to a maximum, even though the rights transferred may be of lower value. Similarly, if the interest secured by more than one instrument is transferred by means of a single instrument, the transfer deed is required to bear a stamp of a value equal to the sum of the duties with which such instruments are chargeable and not of a value equal to the duty on the aggregate amou secured. In both cases, there should be a reduction.

(f) Deeds of adoption, instead of the present uniform duty irrespective of the value of property involved, should be required to pay a lower duty of Rs. 5 where the property involved is of a value not exceeding Rs. 2,000.

There should be a similar reduction in the case of deeds of authority to adopt.

II. Increase in duties.

(a) The duty on settlement may be raised to the level of that on a gift.

(b) The duty on releases, instead of being at the level of the duty on bonds, should be at the rate charged on conveyances.

(c) In the case of deeds of partition of land held on revenue settlement for a period not exceeding 30 years and paying the full assessment, the value for purpose of duty should be not the present conventional one calculated at five times the annual revenue, but the actual value of the property.

(d) The duty on an instrument of partnership should be fixed on an ad valorem scale applied to the capital of the partnership, an appropriate rate being 4 annas per cent.

(e) When companies are registered, an ad valorem duty of 8 annas per cent should be charged on their nominal share capital, the present fixed duties on Articles and Memoranda being reduced to Rs. 10.

(f) Documents which are now exempt or liable to a lower duty, if unattested, should be placed on the same footing as similar documents which are attested.

III. Other recommendations affecting yield:

(i) The intervals between points at which the duty increases should not be too wide, as they will encourage the division of transactions and the use of more than one document. In case both of conveyances and of bonds, where the amount involved exceeds Rs. 1,000 and does not exceed Rs. 5,000, the intervals in the scale should be Rs. 200 only and not Rs. 500.

(ii) While it is desirable that the duty payable upon an instrument should depend upon facts which will normally appear in the instrument itself, the facts as stated in the document, if incorrect, should not be decisive as against actual facts. Therefore the words "as set forth in the document " should be omitted in the Stamp Act wherever they occur, but the consideration recited in the instrument should be presumed to be correct until evidence to the contrary is forthcoming.

(iii) Documents which may hereafter be required to be reduced to writing, as recommended by the Civil Justice Committee, should be dealt with on the same principles as are applied to other documents of a similar nature.

IV Miscellaneous suggestions.

The Indian Stamp Act should be revised so as to give effect to the following suggestions:

(i) Illustrations should be added to the definitions of documents which are generally similar, but have particular distinguishing features (e.g., a bond, agreement, and a promissory note), so that the distinguishing features are brought out.

(ii) The conflict of decisions as to the cases to which article 15 or schedule 1 of the Stamp Act and Article 6 or schedule 2 of the Court Fee Act respectively applies, should be set at ~~first~~ last.

(iii) A deed of partition should be so defined as to include a list of shares drawn up at a division of property among co-owners and signed by the parties.

V. Recommendations regarding documents involved in Stock and Produce Exchange transactions.

(Omitted ~~or~~ as they have no local application).

VI. Recommendations bearing on administration.

(a) Penalties.

Penalties in India in the case of unstamped or insufficiently stamped instruments are unduly severe and in certain cases tend to defeat their own ends, either by being prohibitive and checking suits, or by inducing courts to be unduly lenient in admitting as evidence unstamped or insufficiently stamped documents. Therefore

(i) For the existing maximum penalty , there should be substituted a penalty of twice the deficient duty plus Rs. 5.

(ii) The limitation to one year of the period within which the document can be voluntarily produced before competent authority for rectification of the stamp duty under the provisions of the Act should be removed.

(iii) The present exclusion from evidence of instruments (other than bills of exchange, promisory notes and receipts) not duly stamped should be abolished.

(b) A record of revenue.

It is desirable that a record should be maintained of revenue derived from different classes of transactions for the purpose of enabling the authorities responsible to estimate from time to time the effects of the duties imposed. An enquiry should, therefore, be made as to the possibility of securing a record of the purposes for which stamp papers are sold and of compiling it somewhat on the lines of the returns adopted in England.

It remains to add that these recommendations, requiring legal experience both to formulate and to appreciate their full significance, have been based on an elaborate note by the Legal Advisor to the Indian Taxation Enquiry Committee and practically summarise the views expressed in it. These recommendations as well as those relating to court-fees are preeminently matters for appraisal by the legal advisors of Government. I do not expect that any views I may express after discussion with lawyers will be so useful as the authoritative expression of views by the Chief Court or the Law Department of the Secretariat.

COURT FEES.

I. Introductory.

At the outset a distinction must be made between the fees levied when an - action is brought in a Criminal Court, when the charges payable by the complainant are negligible and those levied in Civil Justice where they are considerable. Criminal Justice is looked upon as an - essential supplement to the Police in functions of the State and no attempt is made to relate the charges ~~in~~ to service rendered to or the benefit obtained by the interested party.

All the discussion as to the legitimacy of levying a fee for justice turns round fees for Civil Justice. It has been the subject of much discussion whether justice should be entirely free, or whether the court fees should be so fixed as just to recover the cost of the courts, or whether it is proper for the State to make a profit out of the service it renders. It is not necessary to enter into this ~~xxxxxx~~ controversy and the conclusion of the - Indian Taxation Enquiry Committee, ~~which endorses the basis to the existing practice if not it realisation may be expected to the fact that~~ is that as follows:

' While the pitching of the scale of fees so as to produce a revenue just -

sufficient to cover all the costs of the administration of Civil Justice is an - ideal to be aimed at, financial considerations may justify the State charging something more, provided that the fees charged are not such as to cost substantial hardship to any class and particulary to the poorer litigants.'

It is interesting to note also that in British India at any rate in the earlie years of the institution of courts of justice on modern lines a principle somewhat similar to that on which the determination of excise revenue is based influenced legislation. ~~Thus the preamble to the Benga Regulation 38 of 1795.~~

'The preamble to the Bengal Regulation XXXVIII of 1795 under which the - British Government for the first time imposed court fees in India, thus described the reasons for imposing them; " Many groundless and litigious suits and complaints have been instituted against individuals and the trials of others have been protracted by the filing of superfluous exhibits, or the summoning witnesses whose testimony was not necessary to the development of the merits of the case. The business in many of the Courts of Judicature has in consequence increased, so as to prevent the judges determining the causes deterring individuals from instituting vexatious claims, or refusing to satisfy just demands.' Two years subsequent --

to this Regulation, the institution fees were converted into stamp duties and were increased, the preamble of the Regulation mentioning as among its objects, not only the increase of the public revenue, but the prevention of vexatious litigation. In 1803, court fees were levied all over the country, and it may be stated generally that the earlier Regulations in all the provinces were passed, not only with the object of deriving income for the support of the courts but to repress the number of petty and vexatious suits with which it was feared the courts would otherwise have been flooded. It may therefore be broadly stated that court fees were introduced by the British Government partially at least as a check on litigation."

It is no doubt possible that this ~~prt~~ principle may be a source of disadvantage to the litigants; but as has been pointed there is a danger that unless some such restriction is also at the back of the - mind of the legislator there is a danger that luxury suits may become over-frequent, of which the following are illustrations:

". Another class of luxury suits which take up a disproportionate amount of the court's time comprises suits relating to honours and dignities in a temple or the precedence in the distribution of such - honours and dignities; suits relating to membership of castes or excommunication -

from castes; suits relating to rituals or ceremonials such as reciting mantrams or prabandhams in a temple, and other suits of a similar nature. The character of these suits may not be plain from the allegations in the plaint as very often the plaint in such cases is framed as one for the recovery of a few annas worth of emoluments like - cakes, etc., but will become clear at the time of the framing of the issues."

Another question of interest in this connection is the determination of the party from whom the cost is to be recovered. In the case of invasion of property obviously the aggressor must pay, although he can be located only at the termination of the suit.

II. The existing practice in regard to court fees is determined by the Statute of 1870 in British India and the subsequent alterations in the scale of fees as a result of the provincilisation of court fees after the reforms. The Mysore Regulation of 1901 follows closely the Statute of 1870 and the subsequent modifications, specially that of 1922, follow similar legislation in British India. The present position in Mysore is a close approximation to conditions in - British India, the only difference being in the rates. Both in Mysore and in British India, the Statute defines the fees to be paid on the institution of suits with exceptions and documents presented to courts for the purpose of processes. The methods

of payment, penalties are also enunciated by Statute. The scale of fees is partly ad valorem, and partly specific, is fixed - according to the class of document.

Table XIV

The yield from court fees is shown in the following table. It is interesting to note that, although there has been an increase in the scale of fees since 1922, there seems to have been no corresponding check to the institution of suits as was suggested at that time as the following figures - taken from the administration report of - courts show:

To be Compiled

Recommendations of the Committee and - their application to Mysore.

..

As the Mysore Regulation is practically a replica to the British Indian Act the recommendations of the Committee apply directly and may be examined along with their statement.

Two important recommendations are made regarding administration of court fees. The first relates to audit, under the supposition that there is leakage. In Mysore as in British India Inspectors of Stamps are appointed and these happen to be the Registrar of the Chief Court, District Judges and the Deputy Commissioners (G.O.dated 1st June 1923)

The Committee do not believe that this audit can be carried out with - success by the presiding officers of courts and suggest sample enquiries by officers trained both in the Law of Stamps and court fees and in account procedure. The opinion of the Legal - Advisor to the Committee is even more emphatic.

" In the very nature of things, the inspection by the District Judges, being made more in the interests of proper administration of justice than in the interests of the revenues of the State, cannot be regarded as a substitute for

a regular audit of the receipts from court fees. In most courts, judicial officers are too hard-worked themselves personally to attend to the proper payment of court-fees or the punching of court fee labels by the ministerial - officers placed under their control. In the Madras Presidency it seems to be ~~xxx~~ the case in several courts ~~courts~~ that cancellation of court-fee labels takes place only just before the record are sorted for the purpose of being despatched to the district courts for safe custody or on the ~~eve~~ of an impending inspection by the District Judge."

Therefore it is worth consideration whether there should not be a Special Officer such as the Stamp Reporter in the Alhabad and Patna High Courts whose duty it is to see that proper court fees have been paid, not only in the - High Court, but also in the courts below in all cases. It ~~must be the~~ is his duty to examine the files of the subordinate courts in the cases that come up to the High Court and to report any deficiencies discovered.

The second recommendation of an administrative character is the maintenance of a record from which it should be possible to determine in every area what is the amount of fees actually - levied in the course of litigation, what is the actual cost of the courts and -

how the one compares with the other. Such a record will be very useful in view of the common belief that the civil courts are a source of profit. It has been pointed out that an elaborate enquiry was undertaken by the Government in 1886 as a result of which it was seen that, except in Bengal and Madras, the charges were much in excess of the receipts. The Committee recommend the following classification of receipts and charges in connection with the record:

1. Separation of the charges for copyist and process services, which should pay for themselves and no more.

2. Fees which consist of pure taxation un-connected with any suit, such as duties on probates or lapsed deposits, should not be credited as recepts of courts.

3. On the side of charges, should be included the following items:

(i) pay and pensions of officers and establishment (exclusive of the copyist and process service establishment), less allowance for the time spent on criminal or revenue work.

(ii) contingencies.

(iii) stationery and printing charges.

(iv) a share of the discount paid to

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stamp vendors and other expenditure incurred in realising the stamp revenue.

(v) a share of the ~~[illegible]~~ overhead charges in the secretariat, and

(vi) the charges for rented buildings and the interest on the capital cost and cost of maintenance in the case of those that are the property of Government.

III. The proposals of the Committee ~~regarding~~ relating to the yield of court fees may now be examined. It has been pointed out above that the Committee - accept the present system under which the fees are fixed on a graduated and regressive scale by reference to the - value of the subject matter litigated, but suggest the following changes to make - the system more equitable without being less and also productive:

(1) The present practice of charging the entire institution fees to start with and later making a refund when the suit is settled by agreement or compromise is not satisfactory, and as such to avoid this evil and to make the burden of instituting a suit less onerous, it is desirable that the fee should be taken in two instalments the first being payable at the institution of the suit, and the second on or immediately after the settlement of issues. This seems to be reasonable and should

be adopted.

(ii) It is pointed out that the provision in the Act (Regulation) authorising plaintiffs to value suits according to their discretion has been widely abused and requires to be changed.

(1) The present method of valuation of the subject matter of suits and assessment of fees requires change in the following respects:

(2) The Committee pointed out that a uniform fee of Rs. 10 for a variety of suits (Article 70 Schedule II), some of which are really capable of valuation, should be amended. It is understood that this has been done both in British India and in Mysore. In Mysore it has been done in 1922. (~~verify~~).

Section 4 of the Regulation which corresponds to Section 7 of the British - Indian Act lays down ~~that~~ in respect of suits for the possession of immovable - property different criteria for different kinds of property. These are arbitrary and lead to absurd results. It is desirable to base the valuation on market value - to which the Legal Advisor to the Committee points out that no difficulty need be - encountered. The Committee recommend further a thorough recasting of Section 7 (Section 4 of the Regulation) and the pre

preparation of a schedule similar in form to that contained in the Indian Limitation Act of 1908 of suits and appeals which only arise in civil courts with a method of valuation prescribed for each. Should a residue of suits incapable of valuation remain, fixed fees may be provided in those cases.

The Committee apprehend that considerable revenue is lost by deficiency in the fees paid owing to inadvertance or wrong valuation. The Sections 10 to 12 and 28 (7, 9 and 36 of Mysore Regulation) which provide for recovery of fees apply to pending and ~~in two outside~~ not to decide cases. It is understood, however, that the loss of revenue in the matter suggested is not of any appreciable amount in Mysore.

The Committee consider the following 9 cases capable of bearing higher fees than at present.

The following table gives comparative statement of the fees charged in Mysore and in British India, from which it will be seen that on the whole the charges in Mysore are.. ~~lower (higher)~~ on a par.//

The subject is one for expert opinion and any decision must be coupled with that on the following recommendations:

The Committee admit that there are probably cases in which the existing -

scale of fees is high but without goin into detail suggest the scrutiny of th whole schedule by experts. Therefore it seems desirable that the above suggestions of increase should form part of a comprehensive enquiry on the entire scale, specially in view of the fact that there is a movement all over - British India towards lowering the - scale.

REGSITRATION.

This heading includes only regsitration on documents, other kinds of regsitration such as marriages, companies, mutation of names being grouped elsewhere. In fact, ~~regis~~ registration is one of the group of three transactions relating to property which form the most important subject for the levy of fees.

The function of registration in the case of documents consists in maintaining a correct public record in the case of those that have to be registered and in giving others probative value. The question arises as to the basis of the regsitration charges. As in the case of other fees, there is the dual influence of cost of service and the value of service; but as a rule, the dominant influence is that of the latter, the money value of property forming the basis of the transaction, being used to settle the rate of fee. At the same time a charge is made for any excess of length of the document beyond a certain maximum. Further, as the rates tend to be regressive after a certain stage , it may be said that the trouble of registering the document forms also an important factor in deciding the amount of fee to be levied.

~~important factor in deciding the amount of fee to be levied~~

The Mysore Registration Regulation of 1903 as amended by VI of 1908 is based on British Indian Act of 1877 with the subsequent amendments. The principal features relevant to our present purpose relate to the classes of documents that must be registered and to those in the case of which registration is optional. The former group includes all transactions relating to immovable property of the value of more than Rs. 100 and in the case of leases for terms ~~exceeding~~ exceeding one year. Optional registration is in the case of the above class of instruments when the value is below Rs. 100 or the lease does not exceed one year. Other classes of instruments that may be registered are wills etc. The rules under Section 78 of the Regulation give the rates to be charged for the several classes of documents registered, and these rates compare with the rates in British India as follows:-

(1) Documents relating to immovable property.

(2) Registration of wills and authorities to adopt.

(3) Optional registration of documents not relating to immovable property

(4) Sealed covers.

There are also various fees prescribed for sundry services that may b

performed either in connection with registered documents or otherwise by a registration office.

The yield from this source is considerable, and in all the provinces the receipts from regis-tration generally show a considerable surplus, ranging from 29 to 70 per cent over the cost of the department. The following table gives the amount of revenue from registration and the expenditure on this account for the past few years. Table XV

The recommendations of the Committee are very few on this subject and are mostly of a general character.

(i) They suggest that the scale wherever the rate is high on transactions of small values should be revised so as to make it press less heavily and give as an illustration the charge in Punjab of Rs. 2 on a document conveying an interest worth Rs. 50, whereas the rate is one per cent for values between 200 and 1000. This recommendation is not applicable to Mysore since the rate on amounts up to Rs. 100 is one per cent and documents of higher value pay a rate decreasing to about half a per cent. Thus there is not the same disparity as in Punjab nor is the initial rate so high.

(ii) They point out that all attempts to obtain increased revenue even by raising the fees or by extending the classes of documents liable to compulsory registration must be proceeded with very cautiously as the considerations involved are not entirely fiscal. The moral of this recommendation so far as Mysore is concerned, where there is already a considerable surplus from this source, seems to be to let things alone and not attempt to obtain an increase of revenue.

Part II. New and alternative Taxes.

II. NEW AND ALTERATIVE TAXES.

So far, an attempt has been made to apply to taxes in Mysore, the recommendations of the Indian Taxation Enquiry Committee regarding similar taxes in British India. In this part of the report, those taxes in British India which have no counterpart in Mysore, as well as the new taxes recommended by the Committee, are to be examined with reference to their suitability for introduction in the State. Such examination must be understood to be under taken with the provisos laid down by the members of the Committee:

" To remove all manner of musunderstanding, we desire to make it perfectly clear that given certain ends, our task has merely been to inquire how the revenue for the attainment of those ends may be raised with the least amount of hardship and the least waste; to indicate, in other words, the suitability of the possible sources of revenue rather than to consider either the desirability of those ends or the determination of the amount of revenue necessary for their realisation."

" These are questions for the people themselves and their representatives to consider and to determine- not for us, as members of a Committee, which must ~~consider~~ itself with the technical aspects of these questions." - (pp. 411).

" It would be an improper use of the work of the committee to impose any particular new tax or to enhance an - existing one, simply because the result of the enquiries shows that it is practicable to do so, without considering the persons by whom, the manner in which and the purposes for which the money is to be spent." (pp. 412)

In so far as the new taxes are to be recommended for the redress of inequalities of distribution in the existing scheme of taxation, such recommendations must be - preceded by an enquiry into the existing distribution on the lines of Chapter 14 of the Indian Taxation Enquiry Committee Report. In view of the paucity of the material for the purpose, two lines of approach of the problem suggest themselves:-

(1) The first is to take each tax and examine its incidence and gather some impression as to the section of the community that in the main pays it.

In this manner it will be possible to get some broad impression of the general distribution of the different taxes. Or,

(2) The method adopted by the Taxation Enquiry Committee may be followed of taking typical classes in the community, viz., labourers, rural and urban; landholders, small, medium and large; traders, petty, large and very large; and professional classes, and in each case ascertain the taxes that the section is liable to pay.

In making an estimate of the distribution of the taxation in the State, account must be taken of the contribution to Imperial Revenues in the form of customs duties. Although the State does not obtain any revenue, the burden is felt by the community, possibly with variations from section to section. Therefore, the suitability and desirability of any one of the new taxes can only be judged with reference to the total burden on any section including contribution both to State and Imperial Finance. This consideration becomes all the more important when it is realised that import duties have been enhanced very considerably in the last 10 years.

NEW TAXES.

A. Those already imposed in British India.

1. Import and Export Duties.
2. Excise Duty on Petroleum.
3. Ground Rent on building land in towns.
4. Entertainment Tax.
5. Betting tax.
6. Pilgrim tax.
7. Tax on Stock Exchange transactions.

Of these, the most fruitful from ~~the~~ provincial point of view seems to be Ground rent, which has been examined to some extent already in the section on Land Revenue. Local Finance might benefit by the imposition of entertainment and pilgrim taxes.

B. Fresh taxes.

1. Duty on aerated waters.
2. Duty on patent medicines.
3. Fee for the registration of marriages.
4. Duty on advertisements.
5. Tax on companies.
6. Succession duties.
7. Tax on tobacco.

Of these the only ones that deserve investigation from the point of view of productivity or suitability seem to be succession duties (by the extension of Probate Duties) and duty on tobacco. These will be examined in some detail in the final report.

Part III.

L o c a l F i n a n c e.

LOCAL FINANCE.

A. Conditions in Mysore.

Since 1902 there has been considerable improvement in the development of local institutions as a result of experimentation. The latest Regulations, those of 1926 leave the position as follows:

There are three sets of such institutions (1) Village Panchayets (2) District Boards (3) Municipalities. All these have been functioning in one shape or other since 1918 but Village Panchayets of the old type have ceased to exist and those under the latest Regulation are yet to be formed.

The change consists mainly in the increase of - powers being given to the local bodies and in the elimination of the Taluk Board as a link between Village and the District organisations.

(1) Village Panchayets.

Sections 20 and 21 of the Regulation give a list of the duties some of which are obligatory and others discretionary. In the former group fall those relating to means of communication, sanitation, and maintenance of water-supply. In the other group come those relating to poor and medical relief, development activities, and amenities of life in the village.

Further, Section 22 enumerates the duties that may be delegated to the Village Panchayet (a) by the Government, relating to village forests, tanks, minor muzrai institutions and supervision over village - schools, (b) by the District Board or others, viz.,

the management of any institution for the execution or maintenance of any work or the performance of any duty within the area over which it has got control.

In order to exercise these functions large powers are given to the Panchayet.

The funds for the purpose of performing these duties, are to be obtained, apart from (1) any contribution or grant from a District Board or the Government by the levy of (2) a tax on all houses, shops or - places of trade or business, vacant sites, hithals and carts in its jurisdiction not exceeding the prescribed maximum, and subject to exemptions, and (3) any other tax, cess or license or other fee commutable into a contribution to labour not exeeeding 18 days' labour in a year.

It is evidently the intention of the Regulation that the taxes should be collected by the Panchayet itself.

Though the taxation powers of the Panchayat as given above are comprehensive, as a matter of fact they will in practice be limited to the compulsory tax on property and to an optional tax on persons for it is not likely that any tax on trade is likely to be productive nor any fee, since the range of service performable by the village is sure to be limited. Therefore the only additional source of taxation open to Panchayets will be a tax either on all persons or on those who do not pay the house tax.

(2) **District Boards.**

Their powers are similar to those of Panchayets but the following are peculiar to them:

(1) Preservation of avenue trees.

(2) Promotion of vaccination.

(3) Improvement of the breed of cattle.

(4) Encouragement of co-operation.

In order to perform these duties, the resources are:

(1) The portion of the local cess levied by the Government and assigned for expenditure by the District Board.

(2) Tolls.

(3) Rents and interest and sale proceeds.

(4) Cesses permissible, of which two are in vogue already, an education cess at a rate not less than 6 pies and not exceeding one anna in the rupee, to be utilised soley for the purpose of education in the district and a railway cess not exceeding 6 pies in the rupee. The Board may also levy a special cess.

The cesses above mentioned are to be collected by the Government, but other items of revenue by an agency of the Board itself.

Here again it is difficult to see what elements of elasticity are present in the powers of taxation of the District Board. Apart from the cesses above named, it is difficult to see if any other cess can be levied without increasing the burden on the land unduly. Tolls are given considerable prominance and will probably form an important part of the resources, but seeing that carts are subject to taxation in the village and vehicles in the Municipalities it is doubtful if this will be a promising field of contribution. The Board has no power to tax trade, and the fees it might get would not be - appreciable. The only source not specifically mentioned but open would be some rate on persons; but here again there might be conflict between the levy in the villages and by the Board.

(3) Municipalities.

The functions assigned to Municipalities relate to means of communication, public health, supply of water, education, poor relief. Provision is also made for such special duties as medical aid during epidemics and relief in times of famine or scarcity. Discretionary powers are also given for the performance of such functions as maintenance of parks, libraries, rest-houses etc.

For the performance of the above functions, the Municipal Councils are empowered to levy one or more of the following taxes:

(1) Rate on buildings.

(2) Tax on vehicles and animals used within the Municipality and those who enter the Municipal jurisdiction.

(3) Octroi

(4) Sanitary cess-general and special.

(5) Tax on dogs.

(6) Lighting tax.

(7) Water rate.

(8) Education cess.

(9) Tax on professions.

(10) Tax on shops.

(11) Other taxes approved by Government.

It is interesting to note that of these several taxes in the Bangalore District, the most productive are octroi and taxes on buildings which furnished in 1924-25 about two thirds of the total receipts, Chennapatna accounting for the largest amount in both the cases. Items of tolls and ferries, water tax and light tax and conservancy receipts are evidently not imposed. The shop tax was the third largest item. Revenue from municipal property accounted for about Rs. 6,000 the largest item being the rent from -

markets and slaughter-houses.

In the Kolar District similary, octroi and taxes on buildings were the largest items, Kolar and Chickaballapur accounting for the largest collections in the district under this head. The revenue from market and slaughter-houses was also large in Kolar, Chintamani and Malur. Tolls and ferries yielded a little more than a thousand rupees in Kolar, but were not imposed elsewhere.

In the Tumkur District the same two items accounted for nearly half the total collections, but the special feature of this district is the large collection under the head " tolls and ferries ", Tumkur accounting for Rs. 15,500 and Tiptur, Rs. 8020, the total for the District amounting to Rs. 26, 000 and odd. Tumkur and Tiptur also derived considerable sums as interest on investments. Lighting and water-tax were absent here as in Kolar (except in Chinthamani).

In the Mysore District, the same general statement is true of octroi and tax on buildings, octroi on piece-goods and cloth being specially large in Chamarajanagar, Malavalli, Yedatore, Hunsur, Gundalpe and T.Narasipur. Tolls and ferries are also large here, Nanjangud accounting Rs. 10,800 and Chamaraja nagar, Rs. 7200.

Hassan District shows very large collections under octroi, those on piece goods being (Rs.7153), Hassan town (Rs.4539) Holenarasipur (Rs.2194), Sakalespur (Rs.3343). Taxes on buildings were also very large. There are no taxes on water or lighting and

evidently no tolls and ferries. The shop tax was very productive in Arasikere (Rs.1209) and Arkalgud (Rs.1279). Rent from market and slaughter-houses was large in the case of Arasikere (Rs.2513), Holenarasipur (Rs.1357), Alur (Rs.1151).

In the Shimoga District the octroi from piece goods and cloths was large in the case of Shimoga (Rs.10,173), Sagar (Rs.3557), and Thirthahally (Rs. 2405). Tax on buildings was also prominent in all the municipalities, and the special feature of this District is the large yield from taxes on professions and trade-in Shimoga (Rs.10,805) and these taxes were imposed in most of the municipalities in this district. The yield from market and slaughter-houses was large in the case of Shimoga (Rs.2062), Bhadravati (Rs.2668) and Sagar (Rs.1243).

In the Kadur District octroi accounted for nearly 50,000 Rs. ~~of~~ out of a total revenue of Rs. 1,15,000, Chikamagalur accounting for Rs.25,981, of which tobacco accounted for Rs.2900 and piece goods for Rs. 9197; Tarikere showed the second largest yield, ~~viz~~ Rs.8850. There were no tolls and ferries or water and lighting taxes or conservancy receipts (with the exception of water tax in Chickamagalur) or tax on professions and trades.

In the Chitaldrug District ~~District~~ octroi and taxes on buildings accounted for Rs. 71,000 out of a total revenue of Rs. 1,57,000, but here the second largest item was tolls and ferries Rs. 27,529 of which Davangere accounted for Rs. 16,750, Chitaldrug Rs.7206 and Harihar 3542. The revenue from markets and slaughter-houses was ~~the~~ a large item in the ~~case~~

of Chellakere (Rs. 3930) the item as a whole yielding nearly Rs. 85,000 for the district. Water tax yielded Rs. 10,493 in Davangere. Taxes on professions and trade were also prominent in this district, but the largest part of the revenue under this head was raised by Davangere, Rs. 5344 out of a total for the district (Rs. 6466). Davangere also possesses the other exceptional features of the largest collection under tolls and ferries and water taxes.

...

B. Recommendations of the Committee.

The chief recommendations of the Committee are:

I. With regard to taxes themselves-

(1) Abolition of the octroi and terminal duties, at any rate their careful administration on the basis of principles enumerated.

(2) Development of income from markets and slaughter-houses.

(3) A new tax on sales, either retail or universal.

(4) Abolition of the toll on motor vehicles and substitution of a provincial tax, the proceeds of which should be distributed to the local bodies.

(5) Adoption of higher maximum for the cesses.

(6) Adoption of special assessments on..... lands.

(7) Extension of the system of personal taxes upon non-agriculturists.

II. Assessment and collection.

The Committee have noticed defects in the assessment and collection of the house tax both rural and urban and of the tax on professions and

trade in municipalities. They recommend accordingly that these taxes should be provincialised.

III. Unit of local Government.

The primary defect of the present organisation of local Government institutions is said to be the undesirably large extent of the jurisdiction of these bodies, which removes them from effective touch with the tax-payers. Therefore it is recommended that the development of the future should be in the direction of restoring the influence of the village panchayets and limiting the functions of the bodies at present operating.

IV. Relations between Provincial and Local Finance.

There is no clear division between functions and powers of taxation of the State and the local authorities. In the case of the services that are administered by local authorities the State is in most countries responsible, and consequently it is often compelled to prescribe standards of administration and to exercise control over the local bodies in order to ensure adherence to the prescribed standards. This control generally involves financial assistance. In India such control has been exercised to a greater extent than in most countries owing to the fact that local authorities have developed to their present state by a gradual process of devolution of powers.

An outstanding feature of the financial position of local bodies in India has been already pointed out to be the inadequate state of their resources. The

The Decentralisation Commission made several recommendations which would, by taking over certain duties and making certain grants, improve the position in this respect. As a result of the recommendations of the Commission local bodies have now power to levy the following taxes without the sanction of the Government of India:-

(1) a toll.

(2) a tax on land or land values.

(3) a tax on buildings.

(4) a tax on vehicles or boats.

(5) a tax on animals.

(6) a tax on menials and domestic servants.

(7) an octroi.

(8) a terminal tax on goods imported into or exported from a local area, save where such tax is first imposed in a local area in which an octroi was not levied on or before the 6th July 1917.

(9) a tax on trades, professions and callings.

(10) a tax on private markets, and

(11) a tax imposed in return for services rendered, such as-

(a) a water-rate,

(b) a lighting rate,

(c) a scavenging, sanitary or sewage rate,

(d) a drainage tax,

(e) fees for the use of markets and other public conveniences.

The Taxation Enquiry Committee make the following recommendations:-

(1) Assigning of a share of taxation in the case of Government revenue from non-agricultural land in towns and of taxes on entertainments and betting.

(2) Standardisation of revenue on agricultural land at a comparately lower rate so that local bodies may be enabled to increase the rates.

(3) Grant to local bodies of power to levy a tax on retail sales.

(4) Grant to local bodies power to levy a tax on advertisements.

(5) Substitution of a provincial tax for the present import duty on motor vehicles and the local tolls, and distribution of the revenue to local bodies through road boards.

(6) Assistance in the assessment of the profession tax by the income tax and by the general administrative staff.

(7) Fee for the registration of marriages in select localities.

...

At the same time in recent years there has been a tendency for local bodies to encroach upon Imperial or provincial sphere and to introduce almost every kind of tax including surcharges on the liquor sold in the village local shop, export, and import duties on articles despatched from or received in the village, taxes on income and other personal taxes. Much caution is necessary in this respect and vigilance is needed on the part of the Provincial and Imperial Governments in the matter of sanctioning taxation for local authorities.'

Even if the above resources are made available to local bodies, it is probable that they will still have to be supplemented by means of subsidies:

(Principle of subsidy in vogue in other countries and its examination by the Departmental Committee of 1912 and Geddes Committee of 1918.)

..

In India state assistance has been given to the local authorities in the following ways:-

(a) Performance of services or portions of services recognised as local.

(b) Specific grants.

(c) Utilisation of local bodies as agency for the conduct of particular services.

(d) Block grants.

(e) Grants proportioned to total expenditure.

The principles of grant of such subsidies are:-

(1) Restriction to services of national importance

(2) Scope for enforcing efficiency in respect of such services.

(3) Uniformity and cognizability of plan.

C. Application to Mysore.

(1) The size of local bodies does not seem to require any change.

(2) The problem of substitution of other sources for octroi requires to be discussed in detail.

(3) Changes in assessment and collection.

It is a matter for careful consideration what further taxes the State should assess and collect for th local bodies in addition to the cesses now collected for them. The Committee's recommendations regarding house and professional taxes require discussion.

(4) Relations of State to local finances.

(i) The extent to which the functions assigned to local bodies require additional funds which cannot be covered by maximum utilisation of -

these powers of taxation.

(ii) Nature of functions-how far they relieve the Government of its responsibilities for performance of certain services and the extent to which State finance is relieved.

(iii) Form and principles of Government.
Financial assistance to local bodies:

(1) Assigned revenues.

(2) Shared revenues.

(e) Grants in aid.

Appendices.

Tables I to XV.

Graphs. (2).

Table I.

Land Revenue.

Years.	Land Revenue including Miscellaneous and Quit-rent (vide Budget)	Local Cess and other cesses excluding that on Abkari and Forests.	Mohatarfa, and local rates -- rates on houses etc. by municipalities.	Total.
	(in lakhs of Rs.)			
1903-04	98.00			
1904-05	96.64			
1905-06	91.02			
1906-07	1,00.31			
1907-08	1,03.80			
1908-09	89.16			
1909-10	1,03.28			
1910-11	1,05.09			
1911-12	1,04.82			
1912-13	1,03.28			
1913-14	1,03.76			
1914-15	1,00.25			
1915-16	1,04.76			
1916-17	1,08.83			
1917-18	1,07.35			
1918-19	99.51			
1919-20	1,16.78			
1920-21	1,08.30			
1921-22	1,15.63			
1922-23	1,18.42			
1923-24	1,13.25			
1924-25	1,20.95			
1925-26 (Revised)	1,23.03			
1926-27 (Budget)	1,25.03			

Table I (a)

Table showing the several heads of Land Revenue raised by Govt. (Under Land Revenue)

(Budget Figures.)

Years.	Assessment on lands (in lakhs.)	Quit-rent of minor inam villages including Kayamgutta	Land Revenue miscellaneous.	Deduct Refunds.
1903-04	89.23	5.03	3.68	
1904-05	88.79	4.96	2.86	
1905-06	83.78	4.51	2.69	
1906-07	91.90	5.27	3.07	
1907-08	94.88	5.38	3.50	
1908-09	82.07	4.45	2.57	
1909-10	96.12	5.06	3.86	1.76
1910-11	97.28	5.42	4.10	1.71
1911-12	96.89	5.71	3.90	1.68
1912-13	95.33	5.21	4.47	1.73
1913-14	~~92x98~~ 95.93	~~4x~~ 5.38	4.08	1.63
1914-15	92.96	4.74	4.14	1.59
1915-16	96.72	5.07	4.59	1.62
1916-17	99.36	5.60	5.38	1.51
1917-18	97.66	5.31	6.04	1.66
1918-19	91.03	4.56	5.44	1.52
1919-20	105.24	6.16	7.03	1.64
1920-21	97.47	5.17	7.24	1.60
1921-22	103.47	6.02	7.62	1.48
1922-23	103.07	5.46	11.62	1.73
1923-24	99.10	5.15	10.79	1.77
1924-25	106.76	5.41	10.55	1.77
1925-26 (Revised)	108.91	5.40	10.53	1.81
1926-27 (Budget)	111.39	5.40	10.03	1.79

Table [illegible]

INAM settlement.

Class.	Result of the settlement of land inams of all kinds.			f the settlement of cash alienations.	
	No. of cases	Extent in acres.	Assessment	confirmed	Amount.
I. Devadaya	19,702	184,024	2,54,813	44	2,09,090
II. Dharmadaya	431	240,079	1,84,463	76	47,656
III. Inams for personal benefit.	30,475	337,943	7,91,696	13	7,010
Iv. Kodagi and Bavadi Daswandam	1,719	8,124	27,733	--	--
V. Inams for miscellaneous police and Revenue service.	2,317	9,197	27,034	--	--
Vi. Inams to artizans	4,291	23,618	17,404	--	--
Vii. Village service to Government	557	1,939	3,402	--	--

Table III (of

Analysis of Inam, Jodi, Kayamgutta villages in the State.
(Number of villages).

Districts	Sarvamanya	Jodi	Mahaljodi	Kayamgutta	Total.
Bangalore	45	343	--	240	628
Kolar	54	383	11	142	590
Tumkur	35	124	--	38	197
Mysore	223	73	--	38	334
Hassan	41	115	--	15	171
Shimoga	9	58	--	1	68
Kadur	4	19	--	--	23
Chitaldroog	11	19	1	7	38
T o t a l	422	1134	12	481	2049

Table ~~II.~~ III (a)

Inams -- Analysis of Inam, Jodi, Kayamgutta villages in the State.
(Number of villages) [redacted]ort of the Inam Commission 1919-20.

District.	Sarvamanya	Jodi	Mahal jodi	Kayamgutta	Total.
Bangalore	47	355	--	229	631
Kolar	53	403		140	596
Tumkur	35	136		27	198
Mysore	226	83		35	344
Hassan	40	128		12	180
Shimoga	13	62		1	76
Kadur	15	19		~~2~~	34
Chitaldroog	11	22		6	39
T o t a l	440	1,208		450	2,098

Table IV

Details of land revenue miscellaneous (Gross Demand as shown in Appendix A in the Budget Estimates.)

Particulars	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27
Rent on toddy trees	2256	3,574	20,917	3,435	7,853	7,853	Not shown under this head.		
Fees for Revvenue Survey records.	325	207	107	877	669	710	Do		
Miscellaneous:									
Sale proceeds of Govt. lands etc.	1,58,878	2,55,331	2,60,141	2,83,812	2,72,373	2,99,398	4,03,946	2,84,343	2,57,887
Amarayi	79,980	1,02,559	1,05,210	63,369	1,26,486	99,112	1,12,443	1,67,141	1,52,975
Amount left out in last Kamabandy	8,636	19,375	18,633	23,606	16,519	33,622	33,595	18,413	21,619
Collections on a/c of unclaimedInams.	641	681	444	3,494	718	694	Not shown under this head.		
Fines on a/c of unauthorised cultivn.	15,978	20,620	34,165	46,478	33,332	39,373	Do		
Tax on lime-stone kilns	4,055	4,235	4,247	4,961	4,988	5,995	Do		
Sale of kurunga	142	621	185	559	150	253			
Assessment from tank-bed cultivation	6,002	4,085	19,737	10,139	11,815	14,515 **	55,024 **	61,260	**53,997
Pasture lands	74,525	68,861	73,755	73,377	71,654	78,598	73,688	76,520	76,986
Fish contract	2,813	1,872	5,102	2,868	2,421	2,567	Details not given here.		
Notice fees	33,145	40,852	34,041	41,031	3,717	40,650 (a)	51,963(a)	40,232(a)	44,240
Temporary waterrate.	Not shown in these years			--			15,476	15,918	13,798
Excess collections	Do			--			3,881	3,720	4,153
Fines on Takrartakhthas including assessment on unauthorised cultivation	Do			--			36,320	37,448	33,605
Other items	2,44,007	2,74,347	2,74,841	3,17,879	4,73,464	3,43,499	3,48,227 (b)	3,22,041 (b)	3,07,171 (b)
Total-Gross Demand	6,31,383	7,97,220	8,51,525	8,75,885	10,26,159	9,66,839	11,34,563	10,27,036	9,66,431

N.B. Figures for 1918-19 to 1922-23 represent actuals as shown in the Budget.
Do 1922-23 Revised estimates Do
Do 1923-24 Budget Estimates Do

**
Temporary assessment on ~~tankbeds~~ lands (including tank-beds) -- figures from 1924-25 onwards.

(a)Heading from 1924-25 is given as :-- Notice fees, Isthihar fees, Jafti fees etc.

(b)Heading from 1924-25 is given as :-- Other items (including fish contract, rent on salt pans, tax on lime-kilns, royalty of bricks, stones etc., kumari kandayam, ground-rent and sale proceeds of dead trees.)

Appendix A not given in the Budget estimates for the years 1924-25 and 1925-26.

Figures for ~~1925-26~~ 1924-25 represent actuals as shown in the Budget for 1926-27
Do 1925-26 Revised estimates Do
Do 1926-27 Budget estimates Do

JaGT

(a)

Table V. The following fees shall be levied for the removal of stone, earth, kankar, etc., from Govt. lands under Rule 18 of the Rules under the Mysore Land Revenue Code.

Material	Royalty to be paid per 100 cubic feet. Rs	a.	p.	Method of measurment.
Stones'building'.	0	8	0	Actual quantity of stone in a building as per actual measurment.
Surplus	0	8	0	Actual quantity of surplus building stone on hand and removal from the quarry, 125 ℄ cubic feet to be taken as equal to 100 cubic feet on which royalty is to be charged.
Ballast	0	2	0	Actual measurement of ballast as delivered along side the line or at a depot.
Concrete	0	2	0	Actual measurement of concrete.
Used for any special purpose as pitching	0	2	0	Method of measurement to be arranged between the Railway and Civil Officers at the time of Commencing work.
Kankar taken from cultivated land	0	4	0	Actual measurmment of amount delivered to Railway.
S a n d	0	1	0	Actual measurement of amount delivered.

Material	Royalty			Method of measurement.
* (b) Fullers earth	0	4	0	Per cart load.

1 G.O.No.1008-67-L.R.325-18-13, dated 20th July 1920.

4 VI

Table ~~III.~~

Table showing direct demand on Land Revenue.

Year.	Expenditure charged to land Revenue(in lakhs) (Actuals in Budget)
1903-04	17.00
1904-05	17,39
1905-06	16.93
1906-07	18.21
1907-08	18.30
1908-09	18.47
1909-10	18.78
1910-11	19.65
1911-12	19.18
1912-13	18.22
1913-14	19.52
1914-15	18.62
1915-16	19.75
1916-17	20.11
1917-18	20.41
1918-19	21.74
1919-20	24.64
1920-21	28.95
1921-22	28.75
1922-23	27.45
1923-24.	26.62
1924-25	28.47
1925-26 (Revised)	28.14
1926-27 (Budget)	27.39

Table VII

Schedule of Rates

Arrack. (Duty in force at present).

		Per gallon.
Cities (High duty area)	Rs	6- 8- 0.
Mofussil		5- 8- 0.

High duty area includes Bangalore, Mysore and Bowringpet.

*

Special Liquors.

* Brandy 20°U.P.)
Whisky Do)-)
Gin Do.)
Rum Do) — 8- 0- 0.

Milk Punch — 5- 0- 0.

Tree-tax. (in force at present).

Date	Rs	2- 8- 0.
Cocoanut		4- 8- 0
Bagani		2- 4- 0.
Palmyra		2- 0- 0.

Tree-rent.

Rs 0- 4- 3 per tree to the end of June 1926; it is enhanced to Rs 0- 8- 0 from 1-7-1926.

Table VIII

Excise Revenue (Total figures taken from Budgets).

Years.	Amount (in lakhs.)
1903-04	37.24
1904-05	38.26
1905-06	38.44
1906-07	39.77
1907-08	41.83
1908-09	43.63
1909-10	41.63
1910-11	41.72
1911-12	41.47
1912-13	47.45
1913-14	51.61
1914-15	54.85
1915-16	56.06
1916-17	59.22
1917-18	62.26
1918-19	66.91
1919-20	72.45
1920-21	77.22
1921-22	76.02
1922-23	71.52
1923-24	70.19
1924-25	66.43
1925-26 (Revised)	64.00
1926-27	62.50

Index Numb
Stam. Revenue
Total Revenue
Gross Earnings
Net Earnings
Working Expenses
Years.

ox. Years. · ½" — 1 year

oy. Index numbers. 1/10" - 2 unit

Base. ox - 1911-12.

oy - 60 units

Excise

——— Represents Revenue

——— Do Shop-Rentals.

——— Do Consumption of work

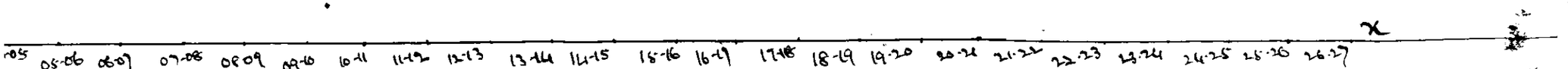
——— Do Trees tapped

——— Do Duty on arrack

Excise

1925-26 - 70 Lakhs

(Vide Sch A-Pt Forecast)



0X : ½" = 1 year

0Y : 1/10" = 1 Lakh Rs

Baseline - 30 Lakhs of Rs.

Jacket I

Excise Revenue -- Budget Figures.

ears.	Arrack	Toddy	Beer	Akkibhoja License fees.	Ganja.	Opium.	Miscellaneous.	Refunds.	Total.	
					(in lakhs of rupees.)					
1903-04	18.84	17.08	.29	.01	.62	.33	.04		37.24	Miscl. includes share of cost of
1904-05	20.03	16.81	.17	.01	.56	.50	.05) .03)		38.16	Central distillery recovered from
1905-06	18.78	18.50	.15	.02	.53	.35	.11		38.44	C.and M.Station.
1906-07	20.02	18.67	.09	.02	.53	.34	.10		39.77	
1907-08	21.79	18.86	.06	.03	.59	.41	.09		41.83	
1908-09	21.95	20.42	.02	.03	.68	.43	.10		43.63	
1909-10	21.05	20.03			.24	.40	* .32	.41	41.63	*Includes Beer & Akkibohoja etc.
1910-11	20.53	19.23			1.25	.51	.40	.20	41.72	
1911-12	21.11	19.22			.96	.40	.42	1.34	41.47	
1912-13	23.74	22.26			1.22	.48	.40	.65	47.45	
1913-14	25.64	24.23			1.35	.51	.46	.58	51.61	
1914-15	25.07	27.32			1.75	.58	.58	.45	58.85	(54.85).
1915-16	26.45	27.62			1.95	.58	.61	1.15	56.06	
1916-17	27.33	28.61			2.31	.72	.87	.62	59.22	
1917-18	28.38	30.57			2.55	.72	.94	.90	62.26	
1918-19	29.97	34.13			3.08	1.08	1.25	2.59	66.91	
1919-20	32.25	[illegible]		35.18	4.39	[illegible]	1.92[illegible]	2.28	[illegible]	72.45
1920-21	32.27	39.88			4.75	.99	1.47	2.13	77.23	

1922-23	29.40	37.66	4.67	1.18	1.68	3.08	71.52
1923-24	26.68	37.32	4.74	.92	1.75	1.22	70.19
1924-25	25.29	34.52	4.86	.91	1.88	1.03	66.43
1925-26 (Revised)	25.67	32.66	4.54	.96	1.37	1.20	64.00
1926-27 (Budget)	24.60	32.00	4.55	.95	1.43	1.03	62.50

*Other receipts include: Special Liquor -- License fees.
Foreign Liquor -- License and other fees.
Beer -- Duty
License fees.
Fines, confiscations and Miscellaneous.

Table X

Excise Revenue

Administration Reports.

Particulars.	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	
Arrack.								
Duty	21.79	20.21	18.35	17.19	15.42	15.57		
Shop-rent	11.74	13.40	13.26	13.36	12.19	11.02		
Miscellaneous (surcharge and Regsitration fees.)	.32	--	--	--	--	--		
T o t a l	33.86	33.62	31.61	30.55	27.61	26.60		
Per centage of Duty to total	64	60.3	58.1	56.2	56	59		
T o d d y								
Tree-tax	11.34	11.01	10.70	10.64	10.45	9.27		tree-rent credited to Ex.Dep (Fig.represents)
Shop-rent	25.86	29.47	31.87	29.17	28.62	26.73		
Tree-rent	.76 (.71)	.72 (.66)	.69(63)	.61(.56)	.56 (.52)	.47 (.43)		
T o t a l	37.98	41.21	43.20	40.37	39.60	36.44		
Percentage of Duty - tree-tax to total.	29	27.2	24.5	26.3	26.3	25.4		
B e e r .								
Duty	.03	.04	.07	.06	.09	.06		
Shop-rent including license fees	.09	.14	.10	.06	.06	.06		
Percentage of duty to total	23	22	42	48.1	60	50		
T o t al	.13	.18	.17	.12	.15	.12		
Akkibhoja.								
Shop-rent	.06	.07	.07	.06	.06	.07		
Foreign Liquors.								
Duty	N i l							

License fees	.09	.12	.14	.11	.11	.11
Miscellaneous - Surcharge and Registration fees.	.02	--	--	.01	.01	.01
T o t a l	.11	.12	.14	.12	.12	.12
Ganja.						
Duty and Price	2.57	2.58	2.92	2.62	2.64	2.79
Shop-rent	1.99	2.19	2.14	2.29	2.12	2.14
T o t a l	4.56	4.77	5.06	4.92	4.77	4.94
Percentage of Duty to total	56	54	58	53.3	55	56
Opium.						
Duty			N i l.			
Shop-rent (license fees)	.40	.34	.29	.34	.32	.28
Miseellaneous-- Gain on sale of opium	.21	.57	.77	.82	.60	.62
Total.	.61	.91	1.07	1.16	.93	.90
Miscellaneous.						
Fines and confiscations	.19	.23	.25	.32	.28	.31
Other items	.04 (Excise Rent)	--	.07 (proportionate cost of distillery establishment met by the Residency)	.07	.0[illegible]005)	.004 (.004)
T o t a l	.23	.23	.32	.39	.29	.31

JO 66 X 1

Excise Revenue.

Years.	Total Revenue (administration Reports) in lakhs.	Index Nos. Base year 1911-12	Shop-rentals. in lakhs of Rupees.	Index Nos. Base 1911-12.	Consumption of arrack (lakhs of gallons)	Index Nos. Base 1911-12	Number of toddy trees tapped(in lakhs.)	Index Nos. Base 1911-12.	Duty on arrack (high duty area not considered)	Index Nos. Base 1911-12
1911-12.	41.21	100	18.04	100	38.76	100	4.38	100	Per gallon Rs4-12-0	100
1912-13	47.77	116	20.57	114	42.88	111	4.45	102	Do	100
1913-14	52.04	126	22.67	126	4.66	120	4.71	108	Do	100
1914-15	55.06	134	27.65	153	3.77	97	4.77	109	5- 4-0	111
1915-16	55.45	135	26.49	147	3.83	99	4.58	104	Do	111
1916-17	58.29	141	27.72	154	4.20	108	4.44	101	Do	111
1917-18	65.37	159	33.27	184	4.10	106	4.68	107	Do	111
1918-19	71.33	173	35.01	194	3.95	102	4.56	104	Do	111
1919-20	76.72	186	40.75	226	3.76	97	4.70	107	Do	111
1920-21	81.26	197	47.76	265	3.52	90	4.57	104	Do	111
1921-22	81.67	198	47.80	265	3.19	82	4.36	100	Do	111
1922-23	77.73	189	45.42	252	2.82	73	4.08	93	Do	116
1923-24	73.55	178	43.50	241	2.47	64	3.99	91	Do	116
1924-25	69.53	169	40.44	224	2.48	64	3.52	80	Do	116

N.B.Excise Revenue -- Collections of Revenue given (Vide Govt. Review on the Administration Reports of the Exc ise Department. For the first 6 years, net figures are given, as the Review contained two sets of figures.)

Shop-rentals -- Include shop-rentals on country spirits including arrack and special liquors, toddy, foreign liquor license fees, license fees on beer, akkibhoja, ganja, opium and surcharge and registration fees also.

Table XII

Income-Tax.

(in lakhs of Rs.)

Classes of income.	Number of assessees.						Total of incomes assessed - no figures available under this head for years earlier than 1923-24		
	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26.	1923-24	1924-25	1925-26.
2400 -2,999	1,117	1,200	1,465	1,369	1,530	1,993	40.43	44.91	45.52
3000-3,999	877	944	1,069	942	1,153	1,373	35.78	44.72	45.38
4,000 - 4,999	420	589	609	537	653	735	24.63	28.26	30.98
5,000 - 5,999	287	363	384	296	451	446	17.54	24.49	22.32
6,000 - 7,499	267	356	339	328	413	361	22.95	24.64	22.44
7,500 - 8,999	160	191	206	187	276	259	17.35	20.23	21.66
9,000 - 9,999	45	84	106	91	109	135	8.59	11.92	11.33
10,000 - 12,499	125	129	160	172	167	192	19.93	19.37	20.99
12,500 - 14,999	58	95	98	97	101	99	14.92	15.53	12.57
15,000 - 19,999	82	105	104	86	101	118	16.64	17.32	20.10
20,000 - 24,999	50	46	42	45	50	55	10.02	8.38	12.03
25,000 - 29,999	19	29	19	19	16	29	5.60	3.26	6.14
30,000 -39,999	23	28	21	22	22	15	8.33	6.63	4.48
40,000 - 49,999	12	11	14	6	15	14	1.97	4.62	4.28
50,000 - 74,999	11	12	3	2	7	20	1.02	6.56	5.57
75,000 - 99,999	8	3	1	--	--	--			
1,00,000 - 1,49,999	2	1	--	--	--	--			
1,50,000 - 1,99,999		Nil							
2,00,000 - 2,99,999		Do							
3,00,000 and over		Do							
Total	3,563	4,186	4,640	4,199	5,064	5,844	245.70	280.84	286.77

Companies.

Classes of income.	Amount of tax collected. (in lakhs of Rs.)						No. assessed			Amount of tax.		
	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	20-21	21-22	22-23	20-21	21-22	22-23
I.	.37	.48	.54	.60	.66	.69	4	3	10	.003	.004	.013
II.	.42	.52	.55	.58	.70	.71	10	9	5	.013	.019	.011
III.	.28	.40	.41	.40	.44	.48	7	3	3	.008	.008	.009
IV.	.24	.30	.31	.29	.38	.39	6	1	2	.007	.003	.006
V.	.27	.36	.34	.38	.39	.37	9	-	6	.028	--	.025
VI.	.21	.23	.26	.28	.32	.34	4	7	3	.021	.035	.015
VII.	.08	.18	.20	.19	.26	.27	1	-	2	.002	--	.012
VIII.	.32	.31	.41	.46	.46	.50	4	2	5	.015	.014	.034
IX.	.17	.30	.30	.35	.37	.30	2	2	5	.017	.025	.034
X.	.32	.42	.39	.39	.41	.47	4	4	6	.037	.041	.065
XI.	.27	.25	.21	.24	.20	.29	1	2	4	.014	0028	.042
XII.	.15	.25	.14	.16	.13	.19	3	1	-	.039	.016	--
XIII.	.24	.29	.21	.26	.21	.15	-	3	1	--	.065	.018
XIV.	.17	.15	.19	.08	.21	.19	2	4	2	.055		

XV.	.19	.30	.07	.05	.42	.36	1	3	1	.033	.127	.031
XVI.	.47	.17	.05	--	--	--	5	--	2	.259	--	.104
XVII.	.18	.08	--	--	--	--	1	2	3	.092	.156	.253
XVIII			Nil				3	1	1	..216	.030	.095
XIX.			Do				1	1	2	.164	.160	.449
XX			Do				7	8	8	4.957	6.488	7.072
Total	4.33	4.995	4.59	4.72	5.56	5.65	75	56	71) 1)	5.989	7.696	8.355) .015) Firm

Super-Tax (Companies and other assessees.)

Classes of Income.	Number of assessees. 1923-24	1924-25	1925-26.	Collections. 1923-24	1924-25	1925-26.	
50,001 to 1,00,000	6	3	12	.073	.009	.123	) Collections from companies
	1	2	4	.00025	.042	.047	) Do individuals.
			1			.009	) Do. unregistered frims.
1,00,001to 1,50,000	* 1	* 2	1	* .019	* .079	.032	* Do individuals
1,50,001to 2,00,000	-	3	2	--	.078	.170	
2,00,001to 2,50,000	1	-	1	.148	--	.108	
2,50,001to 3,00,000	-	2	-	--	.274	--	
3,00,001to 3,50,000	--	-	-	--	--	--	
3,50,001to 4,00,000	1	-	1	.195	--	.018	
4,00,001to 4,50,000	1	-	-	.223	--	--	
4,50,001to 5,00,000	-	-	-	--	--	--	
5,00,001 and over	9	13	12	4.851	5.558	7.297	
Total	18	21	29	5.492	5.921	7.750	Collections from companies.
	2	4	4	.019	.122	.047	Do Individuals.
			1			.009	Do Unregistered firms.

Table XIII

Revenue from Non-judicial Stamps.

Budget figures.

Years.	General stamps.	Duty on impressing unstamped and insufficiently stamped documents.	Fines, penalties and Miscellaneous.
		(in lakhs of Rs.)	
1903-04	2.45	.36	.11
1904-05	2.51	.17	.11
1905-06	2.95	.18	.11
1906-07	2.99	.16	.11
1907-08	3.20	.12	.12
1908-09	3.57	.12	.12
1909-10	3.55	.06	.11
1910-11	3.48	.10	.12
1911-12	3.79	.10	.14
1912-13	4.04	.13	.15
1913-14	4.50	.16	.14
1914-15	4.56	.08	.18 (.15)
1915-16	4.72	.15	.15
1916-17	5.02	.11	.16
1917-18	5.34	.15	.18
1918-19	5.42	.15	.18
1919-20	7.48	.20	.23
1920-21	6.88	.66	.20
1921-22	6.94	.31	.21
1922-23	7.39	.40	.23
1923-24	7.37	.28	.23
1924-25	8.20	.32	.22
1925-26 (Revised)	8.36	.36	.25
1926-27 (Budget)	8.36	.36	.25

Table showing yield from Court-fees. Table X IV

Years.	Amount(in lakhs). Budget.
1903-04	4.38
1904-05	4.30
1905-06	4.56
1906-07	4.24
1907-08	4.47
1908-09	4.59
1909-10	4.36
1910-11	4.48
1911-12	5.05
1912-13	4.90
1913-14	5.36
1914-15	5.50
1915-16	5.90
1916-17	6.15
1917-18	6.60
1918.19	6.92
1919-20	8.20
1920-21	8.06
1921-22	8.78
1922-23	9.62
1923-24	10.93
1924-25	10.93
1925-26 (Revised)	11.65
1926-27 (Budget)	11.65

Table XV

Table showing the amount of revenue from Regsitration and the expenditure on this account.

(Fees from regsitration of companies shown separately).

Years.	Revenue (in lakhs) Budget.	Expenditure (in lakhs) Budget	Regsitration fee. (Cos.) Budget.
1903-04	1.12	.81	
1904-05	1.18	.85	
1905-06	1.57	.87	.01
1906-07	1.42	.85	.02
1907-08	1.47	.82	.02
1908-09	1.72	.84	--
1909-10	1.60	.83	--
1910-11	1.61	.83	.01
1911-12	1.84	.83	--
1912-13	1.79	.85	.02
1913-14	2.06	.88	.01
1914-15	2.01	.90	.01
1915-16	2.09	.92	--
1916-17	2.26	.96	.01
1917-18	2.37	1.06	.01
1918-19	2.45	1.29	.02
1919-20	3.31(3.31)	1.22	.03
1920-21	3.10	1.59	.03
1921-22	3.15	1.48	.06
1922-23	3.10	1.48	.05
1923-24	2.97	1.48	.05
1924-25	3.39	1.52	.04
1925-26 (Revised)	3.50	1.50	.04
1926-27 (Budget)	3.50	1.51	.04